

AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012
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AMATHOLE DISTRICT MUNICIPALITY
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FOR THE YEAR ENDED 30 JUNE 2012
GENERAL INFORMATION

MEMBERS OF THE EXECUTIVE MAYORAL COMMITTEE

ALDERMEN/COUNCILLORS

Konza, N.	<i>Executive Mayor</i>	
Janda, S.	<i>Speaker</i>	
Mtintsilana, S.	<i>Chief Whip</i>	
Papu, M.	<i>Corporate Services</i> <i>Human Resources & Administration Standing Committee Chairperson</i>	PR
Madikane, E.	<i>Community Safety</i>	PR
Memani, M.	<i>Local Economic Development</i> <i>Development & Planning Standing Committee Chairperson</i>	PR
Finca, P.	<i>Land and Housing</i>	PR
Genu, S.	<i>Strategic Planning & IDP</i>	PR
Jacobs, L.E.V.	<i>Budget & Treasury</i>	PR
Bikitsha, M.	<i>Water & Sanitation</i> <i>Infrastructure Standing Committee Chairperson</i>	PR
Melitafa, B.	<i>Engineering and Infrastructure</i>	PR
Billie, P.	<i>Health & Protection</i> <i>Community Services Standing Committee Chairperson</i>	PR
Kubukeli, T.	<i>Community Liaison & Participation</i>	PR

GRADING AND JURISDICTION OF THE DISTRICT MUNICIPALITY

Grade 6

- Integrated development planning for the district municipality as a whole including a framework for all municipalities in the area
- Potable water supply systems
- Domestic waste-water and sewage disposal systems
- Solid waste disposal sites, in so far as it relates to:
determining a waste disposal strategy
regulation of waste disposal
- Municipal Health services
- Fire fighting services serving the area
- Promotion of local tourism for the area
- The receipt and allocation of grants

The Amathole District Municipality is located in the mid-section of the Eastern Cape Province along the coastline of the Indian Ocean, encompassing the former homeland areas of the Ciskei and Transkei, as well as the former Cape Provincial Administration areas.

The Amathole District Municipality's demarcated area is made up of seven (7) local municipalities namely:

- Amahlathi Municipality;
- Nxuba municipality;
- Nkonkobe Municipality;
- Ngqushwa Municipality;
- Great Kei Municipality;
- Mquma Municipality; and
- Mbhashe Municipality

AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012
GENERAL INFORMATION

AUDITORS

Auditor - General

BANKERS

Standard Bank -East London
ABSA Bank, East London

REGISTERED OFFICE

40 Cambridge Street East London	PO Box 320 East London 5200	Telephone : 043 701 4000 Fax : 043 742 0337 Email address: joelenel@amathole.gov.za
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MUNICIPAL MANAGER

Magwangqana, C

CHIEF FINANCIAL OFFICER

Zote, Y

LEGISLATION

The ADM complies with the following:
Municipal Finance Management Act 56 of 2003,
Municipal Demarcation Act 27 of 1998
Municipal Structures Act 117 of 1998,
Laws Amendment Act 51 of 2002
Constitution of the Republic of South Africa Act No.108 as amended,
Municipal Systems Act 32 of 2000,
Water Services Act,
Basic Conditions of Employment Act 75 of 1997,
Labour relations Act 66 of 1995,
Remuneration of Public Office Bearers Act 20 of 1998,
Division of Revenue Act
Housing Act 107 of 1997,
Local government transitions Act 209 of 1993,
Local government transitions Act Second Amendment Act 97 of 1996,
Local government: Municipal Planning and Performance Management Regulations 2001,
Local government: Municipal Performance Regulations for Municipal Managers and managers directly accountable to Municipal Managers 2006,
Supply Chain Management Regulations 2005,
Value Added Tax Act 89 of 1991, and
Unemployment Insurance Act 30 of 1966

AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012
MEMBERS OF THE AMATHOLE DISTRICT MUNICIPALITY

COUNCILLOR/ ALDERMAN	WARD	COUNCILLOR/ ALDERMAN	WARD
Baleni, X.	<i>Mbhashe</i>	Mgidlana, N.	<i>PR</i>
Bangani, L.	<i>Great Kei</i>	Mkosana, N.	<i>Amahlathi</i>
Benya, N.	<i>Mbhashe</i>	Mkosana, V.	<i>PR</i>
Bikitssha, M.	<i>PR</i>	Mpande, Q.	<i>Mnquma</i>
Billie, P.	<i>PR</i>	Mtintsilana, S.	<i>PR</i>
Duna, W.	<i>PR</i>	Mvakwendlu, A.	<i>PR</i>
Dwanya, T.	<i>Nkonkobe</i>	Ndabazonke, N.	<i>Ngqushwa</i>
Dyani, N.	<i>Great Kei</i>	Ngqongolo, G.	<i>Mnquma</i>
Dyani, T.	<i>Mnquma</i>	Nkukuma, N.	<i>Amahlathi</i>
Finca, P.	<i>PR</i>	Nonjaca, N.	<i>Mbhashe</i>
Genu, S.	<i>PR</i>	Nyalambisa, N.	<i>PR</i>
Jacobs, L.	<i>PR</i>	Papu, M.	<i>PR</i>
Jali, S.	<i>Ngqushwa</i>	Plaatjie, N.	<i>Mnquma</i>
Janda, S.	<i>PR</i>	Qaba, P.	<i>Amahlathi</i>
Jikwana, R.	<i>Mnquma</i>	Rawana, M.	<i>Nkonkobe</i>
Kabane, Z.	<i>PR</i>	Roji, X.	<i>Amahlathi</i>
Konza, N.	<i>PR</i>	Rulashe, N.	<i>Nkonkobe</i>
Kubukeli, T.	<i>PR</i>	Sigcawu, B.	<i>Mbhashe</i>
Macakela, S.	<i>Nkonkobe</i>	Sinyongo, L.	<i>Nkonkobe</i>
Madikane, E.	<i>PR</i>	Siwisa, M.	<i>Ngqushwa</i>
Magatya, N.	<i>Mbhashe</i>	Solontsi, Z.	<i>Mnquma</i>
Malgas, E.	<i>PR</i>	Tetyana, M.	<i>Mbhashe</i>
Maloni, Q.	<i>Nxuba</i>	Tyala, M.	<i>Mnquma</i>
Melitafa, B.	<i>PR</i>	Tunyiswa, M.	<i>Mnquma</i>
Memani, M.	<i>PR</i>	Ward, W.	<i>PR</i>
Mfecane, N.	<i>Mbhashe</i>		

EXECUTIVE MAYOR

Konza, N.

SPEAKER

Janda, S.

APPROVAL OF THE FINANCIAL STATEMENTS

The annual financial statements were approved by the Municipal Manager

on _____ .

MUNICIPAL MANAGER

Magwangqana, C

CHIEF FINANCIAL OFFICER

Zote, Y

AMATHOLE DISTRICT MUNICIPALITY
 THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2012
 DIRECTORS OF ASPIRE

DIRECTOR		Date appointed/terminated
Mr. SN Kondlo	Chairperson	Terminated in March 2012
Ms. P Xuza	Chief Executive Officer	
Ms. NEP Loyilane		Reappointed in March 2012
Dr. P Mafuya		Terminated in March 2012
Mr. P Majeke		Terminated in March 2012
Mr. L Ntshinga		Terminated in March 2012
Dr. V Mkhosana		Appointed in March 2012
Mr. S Mpambani		Appointed in March 2012
Mr. A Qunta		Appointed in March 2012
Ms. S Madala		Appointed in March 2012
Mr. S Mabandla		Appointed in March 2012
MMV attorneys were appointed as the Company secretary during the 2012 financial year for a period of two years.		

AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Approval of the consolidated annual financial statements

I am responsible for the preparation of these consolidated annual financial statements, which are set out on pages 5 to 10(32) in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager: C. Magwangqana

Date

FOREWORD TO THE ANNUAL FINANCIAL STATEMENTS BY THE EXECUTIVE MAYOR – CLR NOMASIKIZI KONZA

Within the first few months of my tenure I had to sign a performance agreement with the Honourable MEC for Local Government and Traditional where I committed towards a clean and good governance of the Amathole District Municipality.

When the Auditor General, Mr Phila Nombembe visited our district together with Provincial Auditor General Mr Singa Ngqwala; I made further commitments towards the functionality of the Audit Committee and the Performance Audit Committee.

Together with the Council Speaker and Chairperson of MPAC, we committed towards our political monitoring and oversight roles aiming to maintain the unqualified report by avoiding regress and delivering a clean audit.

Obtaining an unqualified audit opinion for 2010/2011 after qualified audits for three prior consecutive years plus receiving a Vuna Award for the most improved audit outcome takes a lot of hard work.

However, there are two areas that remain of great concern in these achievements. Firstly, the opinion is not without findings. And secondly, most disturbingly, is that out of the seven local Municipalities under our jurisdiction, only one seems to be making evident strides.

We have produced a Metropolitan City in Buffalo City Metropolitan Municipality and we are more than determined to create another Metro in the local Municipalities that are within our District.

We will continue thus to offer our support positioned ourselves as a trusted advisor, stimulator and partner in the regional good governance environment. The good governance summit is just but one mechanism so that the next AG road shows do not reveal a gloomy picture similar to the recent one.

Between 2009 and 2011, the Eastern Cape experienced an economic growth trend similar to that of the rest of the country.

However, compared with the severity of the economic recession elsewhere in the world, the Gross Domestic Product (GDP) figures show that over this period the real decline in GDP in the Eastern Cape was less severe than estimated.

Figures released by Statistics South Africa in the fourth quarter indicate that unemployment in the country has decreased from 25% to 23.9% as a result of new jobs created, and that during 2011, a total of 365 000 people were employed.

For the Eastern Cape, the level of unemployment decreased from 29.9% to 27.1%, which, needless to say, is still high.

In Amathole District, in particular, more than half of the population is still categorized as poor in the second-largest economy in the Province.

In order for us to confront poverty head on and succeed, there needs to be a paradigm shift in how we move forward as an institution. If this is to be the year of action, then we must act now and act decisively.

Unemployment and its accompanying poverty characteristics are dominant and unacceptably high at almost 50% of the district population still in poverty in 2010.

The government is the biggest employer contributing to 42 % of all jobs of the total number of 94 808 people employed in ADM in this period. This represented about 10 % of all the jobs in the Eastern Cape. Trade is the next best performing sector creating 18% of jobs in the district.

In line with the Provincial and our own Growth and Development Strategy, we cannot continue and operate normally when Agriculture - which should be a key driver in a rural economy like ADM - only contributes 3 percent to the Gross Domestic Product (GDP).

It is based on this that we have decided to take a bold political step to make Economic Development a key sector by making available from the ADM reserves an amount not exceeding R30 million to fund agricultural and tourism projects.

Part of this includes putting more resources in the MPAC, which will include the Chairperson of MPAC as a full time councillor. Corruption levels both in government continue to hinder the sterling work and all the endeavours that seek to bring change in this country and thus it is vital the monitoring and oversight role be strengthened in financial management.

Our Supply Chain Management (SCM) Policy seeks to promote an innovative form of targeted procurement, which will encourage socio-economic transformation within its region. This policy seeks to continue to redress the skewed distribution of wealth.

During the 2010/2011 financial year, Capital Projects over R1m were allocated to Historically Disadvantaged Individual (HDI) owned companies is 85.14% which is well above the 55% target.

In terms of those that are less than R1 million allocated to HDI owned companies, the target is set at 70% and we achieved 95.96%. For non-Capital Projects, the target is set at 60% and we achieved 83.49%. Council's overall performance stands at 88.11% of projects allocated to HDI owned companies. The target has been set at 60%.

There is a decrease of 0.76% in the fourth quarter as compared to the previous quarter. Council awarded projects to a total value of over R409 million. From this amount, 18.83% was awarded to female owned companies.

An amount of over R261 million was allocated to HDI owned companies. Of the remaining, over R48 million was allocated to non-HDI owned companies and R99 million was for specialised service.

Through our SCM Policy our Job Creation statistics reflect that as at the end of the 2010/2011 financial year, 1 114 jobs were created of which 266 were woman, 361 male, 485 youths and 2 people with disabilities.

During the past 10 years the Amathole District Municipality has awarded a total number of 2 696 projects.

Our Asset Management Strategy and roll-out Plan is in place. The ADM Asset Refurbishment Plan is at R267 million over 5 years.

We have lots of challenges in bringing clean drinking water to our communities – including topography and bad roads.

Very importantly, there is a huge funding deficit of R1.1 billion to meet the National Water Services eradication target by 2014.

This is despite the fact that we have been having 100 percent spending of Municipal Infrastructure Grant funds of our Water and Sanitation projects in the previous financial years.

Our grant dependency plus a huge indigent population remain one of our biggest challenges and as a result, ever since ADM took over the provision of water and Sanitation Services, the principle approach behind the calculation of tariffs levied was the "Affordability Principle" as the tariffs were not cost reflective.

Throughout the years since 2006 ADM has been subsidising through its Reserves the provision of water and sanitation as a result of the above approach. Because we were not receiving any counter funding from neither DWA nor National Treasury those Reserves have since shrunk throughout the years.

ADM took a decision that in order for it to be able to provide clean and healthy sustainable water and sanitation services it needs to strike a balance between the two principles: “Affordability and Cost Recovery principles”.
We will however continue to set mechanism and systems of sound, principled and accountable governance that is performance driven and is based on accountability.

I have no doubt that through its gains and by government’s prioritisation of Education, Health, Job Creation and Rural Development - this country and in essence, our beloved District is in capable leadership.
History has a way of judging our actions. As we are today to look back on the actions and paths chosen by our forefathers, one day future generations will look back at what we did today.

Councillor Nomasikizi Konza
Executive Mayor
Amathole District Municipality

MUNICIPALITY

ASSETS

Non-current assets

- Property, plant and equipment
- Investment property
- Intangible assets
- Investment in subsidiary
- Non-current receivables

Current assets

- Inventory
- Receivables from exchange transactions
- Other receivables from non-exchange transactions
- Current portion of non-current receivables
- Taxation - provisional tax
- VAT receivable
- Financial Assets - Investments
- Cash and cash equivalents

Total Assets

NET ASSETS AND LIABILITIES

Non-current liabilities

- Finance lease liability
- Operating lease liability
- Defined benefit obligations
- Leave accrual

Current liabilities

- Current portion of finance lease liability
- VAT payable
- Consumer deposits
- Trade and other payables from exchange transactions
- Taxation
- Provisions
- Unspent conditional grants and receipts

Total Liabilities

Net assets

Revaluation reserve
Accumulated surplus

Total Net Assets and Liabilities

Notes

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AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2012

MUNICIPALITY			GROUP		
Actuals			Actuals		
2011/12 R	Restated 2010/11 R		Notes	2011/12 R	Restated 2010/11 R
REVENUE					
172 646 918	121 760 098	Service charges	17	172 646 918	121 760 098
311 445	268 692	Rental of facilities and equipment	20	311 445	268 692
871 357 500	795 608 177	Government grants and subsidies	18	950 873 951	855 052 700
48 481 648	47 198 864	Other income	19	48 996 936	47 644 293
37 946 670	40 141 439	Interest earned - external investments	30	38 978 492	40 989 608
27 186 952	22 839 169	Interest earned - outstanding receivables	31	27 186 952	22 839 169
1 900	81 517	Bad debts recovered		1 900	81 517
1 157 933 033	1 027 897 956	Total Revenue		1 238 996 594	1 088 636 077
EXPENSES					
312 630 431	248 388 545	Employee related costs	23	320 203 563	253 824 173
10 538 434	11 306 546	Remuneration of councillors and directors	24	10 884 641	11 512 992
106 663 740	91 900 931	Bad debts	32	106 663 740	91 900 931
2 443 484	1 476 868	Collection costs		2 443 484	1 476 868
88 673 610	76 608 463	Depreciation and amortisation	21	88 856 232	76 713 247
13 811 913	7 876 117	Repairs and maintenance		13 817 975	7 943 033
114 991	194 142	Finance costs	33	419 058	724 550
254 297	1 966 983	Grants and subsidies paid	27	82 836 940	62 462 186
406 417 741	392 927 079	General expenses	22	397 708 241	384 100 709
941 548 642	832 645 675	Total Expenses		1 023 833 875	890 658 689
216 384 391	195 252 281	OPERATING SURPLUS		215 162 719	197 977 387
996 830	321 175	Gain on disposal of assets	21	1 032 846	319 127
217 381 220	195 573 455	SURPLUS FOR THE YEAR		216 195 565	198 296 513
-	-	Less: Taxation	28	(85 364)	(207 040)
217 381 220	195 573 455			216 110 201	198 089 474
Refer to Appendix E (1) for explanation of variances					

AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	Revaluation Reser	Accumulated Surpl	Total
<i>Balance at 1 July 2010</i>				
Opening balance as previously reported		18 665 018	2 911 877 538	2 930 542 556
Correction of error	39.1	-	5 077 297	5 077 297
Balance at 1 July 2010 as restated		18 665 018	2 916 954 835	2 935 619 853
Surplus for the year		-	195 573 455	195 573 455
<i>Balance at 30 June 2011</i>		18 665 018	3 112 528 290	3 131 193 308
<i>Opening balance 1 July 2011</i>		18 665 018	3 112 528 290	3 131 193 308
Surplus for the year		-	217 381 220	217 381 220
		-	217 381 220	217 381 220
<i>Balance at 30 June 2012</i>		18 665 018	3 329 909 510	3 348 574 528

AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN NET ASSETS: GROUP
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	Revaluation Reser	Accumulated Surpl	Total
<i>Balance at 1 July 2010</i>				
Opening balance as previously reported		18 665 018	2 915 792 212	2 934 457 230
Correction of error	39.1	-	5 077 297	5 077 297
Balance at 1 July 2010 as restated		18 665 018	2 920 869 509	2 939 534 527
Surplus for the year		-	198 089 474	198 089 474
<i>Balance at 30 June 2011</i>		18 665 018	3 118 958 983	3 137 624 001
<i>Opening balance 1 July 2011</i>		18 665 018	3 118 958 983	3 137 624 001
Surplus on the revaluation of property		-	-	-
Surplus for the year		-	216 110 201	216 110 201
		-	216 110 201	216 110 201
<i>Balance at 30 June 2012</i>		18 665 018	3 335 069 184	3 353 734 202

AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2011/12 R	2010/11 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1 060 907 552	926 742 426
Sales of goods and services		27 445 067	24 347 999
Grants		923 229 662	792 156 264
Interest received	30, 31	65 133 622	62 980 608
Other receipts		45 099 200	47 257 554
Payments		(652 126 499)	(660 510 985)
Employee costs		(292 370 592)	(251 292 352)
Suppliers		(359 386 619)	(407 057 507)
Interest paid	33	(114 991)	(194 142)
Other payments		(254 297)	(1 966 983)
Net cash flows from operating activities	34	408 781 053	266 231 440
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(350 669 441)	(479 762 168)
Proceeds on disposal of property, plant and equipment		1 517 501	221 690 889
Increase in long term receivables		(39 606)	(115 358)
Increase/(decrease) in financial assets		(4 919 521)	3 276 769
NET CASH FLOWS FROM INVESTING ACTIVITIES		(354 111 068)	(254 909 867)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease payments		(270 897)	425 296
Proceeds from consumer deposits		173 071	201 074
NET CASH FLOWS FROM FINANCING ACTIVITIES		(97 825)	626 370
NET CASH FLOW		54 572 160	11 947 943
NET INCREASE IN CASH AND CASH EQUIVALENTS		54 572 160	11 947 943
Cash and cash equivalents at the beginning of year		291 721 116	279 773 173
Cash and cash equivalents at end of the year	10	346 293 276	291 721 116

AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
CASH FLOW STATEMENT- GROUP
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2011/12 R	2010/11 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts		1 158 264 167	995 101 697
Sales of goods and services		27 445 067	24 347 999
Grants		1 014 260 089	861 971 842
Interest received	30, 31	66 165 444	63 828 777
Other receipts		50 393 567	44 953 080
Payments		(734 242 112)	(715 262 921)
Employee costs		(300 309 312)	(256 861 135)
Suppliers		(350 483 086)	(395 008 010)
Interest paid	33	(419 058)	(724 550)
Other payments		(82 836 940)	(62 462 186)
Taxation paid		(193 716)	(207 040)
Cash generated from operations	34	424 022 054	279 838 776
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(350 829 962)	(479 805 776)
Proceeds on disposal of property, plant and equipment		1 561 359	218 842 957
Decrease in long term receivables		(39 606)	(115 358)
Purchase of financial assets		(4 919 521)	3 276 769
NET CASH FROM INVESTING ACTIVITIES		(354 227 731)	(257 801 407)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease payments		(270 897)	425 296
Increase in long term loan		-	-
Proceeds from consumer deposits		173 071	201 074
NET CASH FROM FINANCING ACTIVITIES		(97 826)	626 370
NET CASH FLOW		69 696 498	22 663 740
NET INCREASE IN CASH AND CASH EQUIVALENTS		69 696 498	22 663 741
Cash and cash equivalents at the beginning of year		314 914 287	292 250 546
Cash and cash equivalents at the end of year	10	384 610 785	314 914 287

1. BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except as required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the municipality's accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which have a significant effect on the amounts recognised in the financial statements:

Operating lease commitments -Municipality as lessor

The Municipality has entered into commercial property leases on its investment property portfolio. The municipality has determined that it retains all the significant risks and rewards of ownership of these properties and thus accounts for them as operating leases.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of trade receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per debtor type.

Property, plant and equipment

The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Infrastructure assets

The determination of the fair value of the water infrastructure assets is based upon assumptions and professional judgement applied by consulting engineers using best engineering practice and industry norms and standards.

The following assumptions have been made in the compilation of the low data confidence infrastructure asset register:

- The construction year is estimated using sources in the following order of precedence: available technical records, interviewing of operations staff, comparison with adjacent infrastructure. When the date of acquisition is not known and the construction year is estimated, the acquisition date is assumed to be on the 1st day of January in the year of construction.
- The consumption of The benefits of infrastructure assets are predominantly uniform over the life of the assets. The depreciation is therefore assumed to be straight line for all infrastructure assets.
- The residual value of all civil infrastructure assets is negligible as there is no open market for the materials used in civil infrastructure and the realizable value is very small. The scrap value of mechanical and electrical plant is also negligible.
- The Remaining Useful Life was estimated using a combination of visual inspection and information on asset performance provided by operations staff. For hidden assets, such as pipes, the assessment is based on the age of the pipes and information on performance from the operations staff.

Water stock

The estimation of the water stock in the reservoirs and pipelines is based on an assumption of the network reticulation capacity at year end. Existing drought conditions have also been taken into consideration.

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The water stock on hand has been estimated using engineering best practice and industry norms and standards.

Provisions and contingent liabilities

Management's judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material.

Held-to-maturity financial assets

Management has reviewed the held-to-maturity financial assets in light of its capital management and liquidity requirements and has confirmed the positive intention and ability to hold these assets to maturity.

1.3. CONSOLIDATED FINANCIAL STATEMENTS

The municipality's financial statements incorporate the financial statements of the parent entity, Amathole District Municipality, and its municipal entity, Amathole Economic Development Agency t/a ASPIRE, presented as a single entity and consolidated at the same reporting date as the parent entity.

All inter-entity transactions and balances, unrealised gains and losses within the economic entity are eliminated upon consolidation. Where appropriate the accounting policies of controlled entities conform to the policies adopted by the Municipality.

1.4. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

The amounts in the annual financial statements are rounded to the nearest rand.

1.5. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis for a period of no less than 12 months.

1.6. COMPARATIVE INFORMATION

Current year comparatives (budget)

Budget information in accordance with GRAP 1, has been provided in an annexure to these financial statements.

In addition a note has been added to the annual financial statements, for the current financial year only.

Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified and restated. The nature and reason for the reclassification and restatement are disclosed in the Notes to the Financial Statements. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.7. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

A number of new GRAP standards were issued but are not yet effective for the year ended 30 June 2012 and are presented below:

No.	Title of Standard	Impact on financial statements
GRAP 18	Segment Reporting	No segment reporting required for 2011/12 reporting
GRAP 21	Impairment of Non-cash generating assets	Effective date from 1 April 2012.
GRAP 23	Revenue from non-exchange transactions (taxes and transfers)	Effective date from 1 April 2012. Continue to apply G
GRAP 24	Presentation of budget information	Effective date from 1 April 2012. Use GRAP 1
GRAP 25	Employee benefits	Not required for 2011/12 reporting period. IAS 19 us
GRAP 26	Impairment of cash generating assets	Full compliance not required. IAS 36 applied to form
GRAP 103	Heritage assets	Not applicable for the 2011/12 financial year
GRAP 104	Financial instruments	Not required for 2009/10 reporting period. IAS 32, I.
GRAP 105	Transfer of functions between entities under common control	Apply IFRS3 Business Combinations if this were ap
GRAP 106	Transfer of functions between entities not under common control	Not applicable for the 2011/12 financial year
GRAP 107	Mergers	Not applicable for the 2011/12 financial year

All the above standards, where applicable, will be complied with in the financial statements once the effective date has been set. Preliminary investigations indicated that the impact of the standards on the financial statements will be minimal.

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except for additional disclosures.

Where a Standard of GRAP is approved as effective, it replaces the equivalent Statement of IPSAS, IFRS or SA GAAP. Where a standard of GRAP has been issued, but not yet in effect, an entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying paragraph .12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

1.8. BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standards, and are consistent with the accounting policies adopted by the Council for the preparation of these annual financial statements. The amounts are scheduled as a separate note to the annual financial statements, called comparison with the budget

The annual budget figures included in the annual financial statements are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan (IDP)

2. RESERVES

The municipality maintains reserves in terms of specific requirements.

2.1 REVALUATION RESERVE

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve.

The re-valued assets are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/ (deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/ (deficit) while gains or losses on disposal, based on re-valued amounts, are credited or charged to the Statement of Financial Performance.

The surplus arising from the revaluation of land and buildings is credited directly to equity in the revaluation reserve. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to equity in the revaluation reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Depreciation on re-valued buildings is charged to surplus or deficit. On the subsequent sale or retirement of a re-valued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to accumulated surplus/(deficit).

3. PROPERTY, PLANT AND EQUIPMENT

3.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or st

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate it

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination c

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one p

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. I

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequer

3.3 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance €

3.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets Components of asset

Infrastructure	Months	Other	Months
Roads and Paving	120 - 360	Buildings	360
Pedestrian Malls	240 - 360	Specialist vehicles	36 - 240
Electricity	240 - 360	Other vehicles	60
Water	60 - 360	Office equipment	36 - 84
Sewerage	180 - 240	Furniture and fittings	84 - 120
		Bins and containers	60 - 120
Community		Specialised plant and equipment	60 - 180
Buildings	360	Other items of plant and equipment	24 - 60
Facilities	240	Quarries	360
Security	36 - 60	Emergency equipment	60 - 180
Halls	360	Computer equipment	36 - 60
Libraries	360		
Parks and gardens	360		
Finance lease assets			
Office equipment	36 - 60		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in estimate.
The municipality maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain, and thus no residual values are determined other than for motor vehicles.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an impairment is done at the end of each reporting period.

3.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential from the asset.

3.6 INFRASTRUCTURE ASSETS

The determination of the fair value of water infrastructure assets is based upon assumptions and professional judgments applied by consulting engineers using the best engineering practice and industry norms and standards.

The following assumptions have been made in the compilation of the infrastructure asset register
The construction years is estimated using sources in the following order of precedence: available, technical recording interviewing of operational staff and comparison with adjacent infrastructure. When the date of acquisition is not known and the construction year is estimated, the acquisition date is assumed to be on the first of 1st day of January in the year of construction.

The consumption of the benefits of infrastructure assets are predominately uniform over the life of the assets.

The depreciation is therefore assumed to be on straight line for all infrastructure assets.

The residual value of civil infrastructure assets is negligible as there is no open market for material used in civil infrastructure and the realisable value is very small. The scrap value of mechanical and electrical plant is also negligible.

To calculate the asset value at 1 July 2006, the current replacement cost at 30 June 2011 was indexed back using SA Building and construction Index. The last 12 months index figures were not available from the Department of Trade and Industry, so the Service Providers index tracking published on its internal website was used to update the indices.

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The remaining useful life was estimated using a combination of visual inspection and information on asset performance provided by operations staff. For hidden assets, such as pipes, the assessment is based on the age of the pipes and information on performance from operations staff.

4. INTANGIBLE ASSETS

4.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be the fair value of the asset.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the cost is the fair value of the asset.

4.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life of the asset. An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but is subject to an annual impairment test. For all other intangible assets amortisation is provided on a straight line basis over their useful life. Residual value of intangible assets is estimated to be nil.

4.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of finite intangible assets over their estimated useful lives using the straight line method.

Computer software 3 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and adjusted, if appropriate. Amortisation shall commence when the asset is available for intended use.

Amortisation of the asset begins when the development is complete and the asset is available for use.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and its carrying amount is reduced to its recoverable amount.

4.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the asset.

5. INVESTMENT PROPERTY

5.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Investment property is initially recognised when future benefits are probable and the cost or fair value can be determined reliably.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the recognition criteria.

definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

5.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The annual depreciation rates are based on the following estimated average asset lives:

Investment property	30 years
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5.3 Investment property includes land held with an undetermined use. This land is recognised at fair value on the date of recognition.

5.4 DERECOGNITION

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up shall be recognised in surplus or deficit when the compensation becomes receivable.

6. NON-CURRENT ASSETS HELD FOR SALE

6.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

6.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount or fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

7. INVENTORIES

7.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be the fair value of the inventory at the date of acquisition.

7.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless there is evidence of impairment.

7.2.1 Housing development inventory is measured at cost on the first-in, first-out basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs. The carrying amount of these inventories held for distribution is recognised as an expense when beneficiaries take occupation of the houses. Housing development funding received is recognised as revenue and expenditure on the Statement of Financial Performance, to the extent that the Municipality has complied with any of the criteria, obligations or conditions of the grant.

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- 7.2.2 The cost of water purchased and own water not yet sold in the Statement of financial position comprises the purchase price, import duties, and other taxes and transport, handling and other costs attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the cost of purchase. The estimation of the water stock in the reservoirs and pipelines is based on an assumption of the water reticulation network capacity at year end.

8. FINANCIAL INSTRUMENTS

The municipality initially classifies financial instruments, on initial recognition as a financial asset or financial liability in accordance with the substance of the contractual arrangement.

8.1 INITIAL RECOGNITION

Financial assets and financial liabilities are recognised on the entity's Statement of Financial Position when the municipality becomes party to the contractual provisions of the instrument.

The municipality does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

8.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

FINANCIAL ASSETS

The municipality classifies its financial assets according to the following categories:

- Financial Assets at Fair Value through Profit or Loss
- Held-to-Maturity Investments
- Loans and Receivables
- Available for Sale

The classification depends on the purpose for which the financial asset is acquired, and is as follows:

- Financial assets at fair value through profit or loss are financial assets that are classified as held for trading, where the municipality has acquired the financial asset principally for the purpose of selling it in the near future. They are subsequently measured at fair value at Statement of Financial Position date. Any fair value adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

- Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity, where the municipality has the positive intent and ability to hold the investment to maturity. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

- Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

- Available for Sale financial assets that are designated as available for sale, and are subsequently measured at fair value at Statement of Financial Position, except for investments in equity instruments that do not have a quoted market price in an active market and for which fair value cannot be reliably measured, which shall be measured at cost. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

FINANCIAL LIABILITIES

The municipality measures all financial liabilities, including trade and other payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings and other non-current liabilities. Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis.

8.2.1 INVESTMENTS

Financial assets, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-

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term deposits invested in registered commercial banks, are categorised as held-to-maturity and are measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

8.2.2 TRADE AND OTHER RECEIVABLES

Trade receivables are categorised as financial assets; loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest less repayments and impairments.

An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

Bad debts are written off in the year in which they are identified as irrecoverable, subject to the approval of the necessary dedicated authority.

Impairments are determined by discounting expected future cash flows to their present value.

Amounts receivable within 12 months from the date of reporting are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance. Interest is charged on overdue amounts.

8.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

Finance costs are accounted for using the effective interest rate method.

8.2.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and cash with banks and other short-term highly liquid investments that are readily convertible into known amounts of cash, that are held with registered banking institutions and are subject to an insignificant risk of change in value. Where term deposits exceed three months, it is classified under another class of financial instrument, depending on the nature.

These are initially and subsequently recorded at fair value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

8.2.5 LOANS TO MUNICIPALITIES, MUNICIPAL ENTITIES AND EMPLOYEES

These financial assets are categorised as loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost.

Amortised cost refers to the initial carrying amount, plus interest less repayments and impairments.

8.3 DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets are derecognised when the rights to receive cash flows from the asset have expired, the right to receive cash flows have been retained but an obligation to pay them in full without material delay has been assumed or the right to receive cash flows has been transferred together with substantially all the risks and rewards of ownership.

Financial liabilities are derecognised when the associated obligation has been discharged, cancelled or has expired.

9. INVESTMENT IN SUBSIDIARIES

Subsidiaries are all controlled entities over which the municipality has ownership control or effective control to govern the financial and operating policies of such controlled entities so as to benefit from its activities.

Controlled entities are fully consolidated from the date on which control is transferred to the Municipality, and are carried at cost.

Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate consolidated financial statements are prepared to account for the Municipality's share of net assets and post acquisition results of these investments.

The municipality commences accounting for an investment in a subsidiary from the date that control exists and discontinues the application when it no longer has control over the subsidiary.

10. LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

10.1 FINANCE LEASES - LESSEE

Finance leases are initially recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lesser is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability.

The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate over the remaining balance of the liability.

Leases are classified as finance leases if the following situations in accordance with paragraphs 12 and 13 of GRAP 13 individually or in combination occur:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;
- the lease term is for the major part of the economic life of the asset even if title is not transferred;
- at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;
- the leased assets are of such a specialised nature that only the lessee can use them without major modifications;
- if the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee;
- gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (for example, in the form of a rent rebate equalling most of the sales proceeds at the end of the lease); and
- the lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

10.2 OPERATING LEASES - LESSOR

Operating lease income is recognised as an rental income on a straight-line basis over the term of the relevant lease.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income from leases is disclosed under revenue in the Statement of Financial Performance, on a straight line basis over the term of the lease.

10.3 OPERATING LEASES - LESSEE

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This asset or liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

11. PROVISIONS

Provisions are recognised when:

- the municipality has a present or constructive obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur.

Gains from the expected disposal of assets are not taken into account in measuring a provision.

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

12. EMPLOYMENT BENEFITS

12.1 SHORT-TERM EMPLOYEE BENEFITS

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

12.2 RETIREMENT BENEFIT PLANS

The municipality provides retirement benefits for its employees and councillors.

Defined Contribution plans are post-employment benefit plans, under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined Benefit plans are post-employment plans other than Defined Contribution plans. The Defined Benefit funds, which are administered on a provincial basis are actuarially valued tri-annually by means of projected unit credit method. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year in which they become payable.

12.2.1 DEFINED CONTRIBUTION PLANS

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

12.2.2 DEFINED BENEFIT PLANS

For defined benefit pension and post retirement medical plans, full actuarial valuations are carried out for each financial year using the projected unit credit method.

Actuarial gains and losses, which can arise from differences between the expected and actual outcomes or changes in actuarial assumptions, are recognised immediately in the Statement of financial performance. Any increase in the present value of plan liabilities expected to arise from employee service during the period is charged to operating surplus.

The expected return on plan assets and the expected increase during the period in the present value of plan liabilities are included in investment income and interest expense.

Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognised past service costs and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

12.2.3 MEDICAL AID: CONTINUED MEMBERS

The municipality provides post retirement benefits by subsidising the medical aid contributions of certain retired staff.

According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such a medical aid fund, in which case the member is liable for 40% of the medical aid membership fee, and the municipality for the remaining 60%.

The actuarial gain or loss is recognised in the Statement of Financial Performance.

13. REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable, net of indirect taxes, rebates and trade discounts, and consists primarily of grants from National and Provincial Government, service charges, rentals, interest received and other services rendered. Revenue is recognised when it is probable that future economic benefits or services potential will flow to the municipality; the municipality retains neither continuing managerial involvement to the degree associated with ownership nor effective control over the goods sold; the amount can be measured reliably; and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue arising from the application of the approved tariff charges is recognised when the relevant and these benefits can be service is rendered by applying the relevant authorised tariff.

13.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered, the value of which approximates the consideration received or receivable.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the statement of financial position date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the statement of financial position date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable services provided in the normal course of business, net of value added tax.

An estimate for revenue is raised for manual billing and for the period between the last meter reading and the financial year end.

13.1.1 SERVICES

Service income is recognised on an invoice basis. Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved by Council and are levied monthly.

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. The adjustments are recognised as revenue in the invoicing period.

Revenue arising from consumption of water and sanitation in the month of June is fully accounted for whether invoiced or not.

Revenue arising from fire services is based on set basic tariffs.

13.1.2 INTEREST

Interest are recognised in the Statement of Financial Performance on a time proportionate basis, which takes into account the effective yield on the investment.

13.1.3 RENTALS

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

13.1.4 AGENCY SERVICES

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Income from agency services is recognised once such income has been received in accordance with a service level agreement.

13.1.5 SALE OF GOODS

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the company;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably

13.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a liability is recognised.

Revenue from sponsorships is recognised once the sponsorship can be measured reliably and confirmation has been received that the sponsorship will be paid.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is probable.

13.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria, conditions and obligations embodied in the agreement. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional and funds are invested until utilised.

Grants without any conditions attached are recognised as revenue when the asset is recognised.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the creditor. If it is the municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

14. CONDITIONAL GRANTS AND RECEIPTS

Government grants and other grants are recognised as revenue when:

- (a) it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- (b) the amount of the revenue can be measured reliably, and
- (c) to the extent that there has been compliance with any restrictions associated with the grant

Income received from conditional grants, donations and subsidies are recognised to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised and funds invested until it is utilised.

Interest earned on the investment is treated in accordance with the grant conditions. If it is payable to the funder it is recorded as part of the creditor.

Income is transferred to the Statement of Financial Performance as revenue to the extent that the criteria, conditions or obligations have been met.

15. IMPAIRMENT OF ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. All other assets are classified as non-cash generating assets.

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The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset in order to determine the extent of the impairment loss (if any).

Irrespective of whether there is any indication of impairment, the municipality also tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The value in use is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

16. VALUE ADDED TAX

The municipality accounts for value added tax on the payments basis.

17. TAXATION

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax is recognised as income or an expense and included in surplus or deficit for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside surplus or deficit directly in equity, or a business combination.

18. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transaction. Trade creditors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or expenses in the period in which they arise.

19. COMMITMENTS

A commitment is the municipality's intention to commit to an outflow of its resources embodying economic benefits. The municipality is committed under obligations for goods and services, which have been contracted for on or before the reporting date, but not yet received or completed at year end. Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes. Approved and contracted commitments represent expenditure that has been approved and the contract has been awarded at the reporting date.

20. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and

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expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003) Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

21. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003) the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

22. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

23. RELATED PARTY TRANSACTIONS

The municipality has a related party relationship with its subsidiary Amathole Economic Development Agency (PTY) Ltd t/a ASPIRE. Subsidiaries are entities controlled by the municipality. The existence and effect of potential voting rights that are currently exercisable or convertible without restriction are considered when assessing whether the municipality controls the other entity. Subsidiaries are consolidated from the date that effective control is transferred to the municipality and are no longer consolidated from the date the effective control ceases. Related party transactions are conducted on an arms length basis with terms comparable to transactions with third parties.

23 POST BALANCE SHEET EVENTS

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred. The municipality will disclose the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1. PROPERTY, PLANT AND EQUIPMENT

1.1. Reconciliation of Carrying Value

MUNICIPALITY

	Land	Buildings	Infrastructure	Community	Other Assets	Finance lease Assets	Total
	R	R	R	R	R	R	R
As at 1 July 2011	4 570 962	21 396 580	2 471 733 371	7 274 288	45 505 886	305 297	2 550 786 384
Cost	1 386 107	8 790 048	2 783 807 576	8 543 332	86 572 001	3 231 221	2 892 330 285
Revaluation	3 184 855	15 495 027	-	-	-	-	18 679 882
Correction of error	-	-	-	-	-	-	-
Accumulated depreciation	-	(2 888 495)	(312 074 204)	(1 269 044)	(41 066 115)	(2 925 924)	(360 223 782)
Acquisitions	-	83 253	117 741 950	-	29 101 787	247 234	147 174 224
Capital under Construction	-	2 445 000	201 247 365	-	-	-	203 692 365
Transfer In / (Out)	-	-	-	-	49 481	-	49 481
Increases/decreases in revaluation	-	-	-	-	-	-	-
Depreciation	-	(17 106)	(74 395 817)	(197 505)	(14 005 636)	(40 304)	(88 656 368)
based on cost	-	(17 106)	(74 395 817)	(197 505)	(14 005 636)	(40 304)	(88 656 368)
based on revaluation	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	(520 671)	-	(520 671)
Cost/revaluation	-	-	-	-	(2 053 239)	-	(2 053 239)
Accumulated depreciation	-	-	-	-	1 532 568	-	1 532 568
Carrying values	4 570 962	23 907 727	2 716 326 869	7 076 783	60 130 847	264 993	2 812 278 181
As at 30 June 2012	4 570 962	23 907 727	2 716 326 869	7 076 783	60 130 847	264 993	2 812 278 181
Cost	1 386 107	11 318 301	3 102 796 891	8 543 332	113 670 030	3 231 221	3 240 945 882
Revaluation	3 184 855	15 495 027	-	-	-	-	18 679 882
Accumulated depreciation	-	(2 905 601)	(386 470 021)	(1 466 549)	(53 539 183)	(2 966 228)	(447 347 583)
Cost	-	(2 905 601)	(386 470 021)	(1 466 549)	(53 539 183)	(2 966 228)	(447 347 583)
Revaluation	-	-	-	-	-	-	-

	Land	Buildings	Infrastructure	Community	Other Assets	Finance Lease Assets	Total
	R	R	R	R	R	R	R
Carrying values	4 491 820	21 741 494	2 317 201 061	4 746 683	28 806 520	305 297	2 377 217 821
As at 1 July 2010	4 491 820	21 741 494	2 317 201 061	4 746 683	28 806 520	305 297	2 377 217 821
Cost	22 587 050	8 700 526	1 430 804 384	5 834 648	55 943 505	3 231 221	1 527 101 334
Revaluation	3 184 855	15 143 674	-	-	-	-	18 328 529
Correction of error	(21 280 085)	351 353	1 131 442 901	(75 054)	5 644 300	-	1 116 083 415
Transfers in/(out)	-	-	-	-	-	-	-
Accumulated depreciation	-	(2 454 059)	(245 046 224)	(1 087 965)	(32 781 285)	(2 925 924)	(284 295 457)
Acquisition	-	-	229 673 522	-	25 744 618	-	255 418 140
Capital under construction	-	-	221 560 290	2 783 738	-	-	224 344 028
Transfers in/(out)	79 142	89 522	(229 673 521)	-	(760 422)	-	(230 265 279)
Increases/decreases in revaluation	-	-	-	-	-	-	-
Depreciation	-	(434 437)	(67 027 980)	(181 079)	(8 284 829)	-	(75 928 325)
based on cost	-	(434 437)	(67 027 980)	(181 079)	(8 284 829)	-	(75 928 325)
based on revaluation	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-
Cost/revaluation	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-
Carrying values	4 570 962	21 396 580	2 471 733 371	7 274 288	45 505 886	305 297	2 550 786 384
As at 30 June 2011	4 570 962	21 396 580	2 471 733 371	7 274 288	45 505 886	305 297	2 550 786 384
Cost	1 386 107	8 790 048	2 783 807 576	8 543 332	86 572 001	3 231 221	2 892 330 285
Revaluation	3 184 855	15 495 027	-	-	-	-	18 679 882
Accumulated depreciation	-	(2 888 495)	(312 074 204)	(1 269 044)	(41 066 115)	(2 925 924)	(360 223 783)
Cost	-	(2 888 495)	(312 074 204)	(1 269 044)	(41 066 115)	(2 925 924)	(360 223 783)
Revaluation	-	-	-	-	-	-	-

1.2. Reconciliation of Carrying Value

GROUP

	Land	Buildings	Infrastructure	Community	Other Assets	Finance Lease Assets	Total
	R	R	R	R	R	R	R
As at 1 July 2011	4 570 962	21 396 579	2 471 733 373	7 274 288	45 945 485	305 297	2 551 225 984
Cost	1 386 107	8 790 048	2 783 807 577	8 618 386	87 284 281	3 231 221	2 893 117 620
Revaluation	3 184 855	15 495 027	-	(75 054)	-	-	18 604 828
Correction of error	-	-	-	-	-	-	-
Accumulated depreciation	-	(2 888 496)	(312 074 204)	(1 269 044)	(41 338 796)	(2 925 924)	(360 496 464)
Acquisitions	-	83253	117 741 950	-	29 197 570	247 234	147 270 007
Capital under Construction	-	2 445 000	201 247 365	-	-	-	203 692 365
Transfer In / (Out)	-	-	-	-	49 481	-	49 481
Increases/decreases in revaluation	-	-	-	-	-	-	-
Depreciation	-	(17 106)	(74 395 817)	(197 505)	(14 131 320)	(40 304)	(88 782 052)
based on cost	-	(17 106)	(74 395 817)	(197 505)	(14 131 320)	(40 304)	(88 741 748)
based on revaluation	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	(528 513)	-	(528 513)
Cost/revaluation	-	-	-	-	(2 114 921)	-	(2 114 921)
Accumulated depreciation	-	-	-	-	1 586 408	-	1 586 408
Carrying values	4 570 962	23 907 726	2 716 326 871	7 076 783	60 532 703	264 993	2 812 680 038
As at 30 June 2012	4 570 962	23 907 726	2 716 326 871	7 076 783	60 532 703	264 993	2 812 680 038
Cost	1 386 107	11 318 301	3 102 796 892	8 618 386	114 416 411	3 231 221	3 241 767 318
Revaluation	3 184 855	15 495 027	-	(75 054)	-	-	18 604 828
Accumulated depreciation	-	(2 905 602)	(386 470 021)	(1 466 549)	(53 883 708)	(2 966 228)	(447 692 108)
Cost	-	(2 905 602)	(386 470 021)	(1 466 549)	(53 883 708)	(2 966 228)	(447 692 108)
Revaluation	-	-	-	-	-	-	-

	Land	Buildings	Infrastructure	Community	Other Assets	Finance Lease Assets	Total
	R	R	R	R	R	R	R
Carrying values	4 491 820	21 741 495	2 317 201 062	4 671 629	28 982 078	305 297	2 377 393 379
As at 1 July 2010	4 491 820	21 741 495	2 317 201 062	4 671 629	28 982 078	305 297	2 377 393 379
Cost	22 587 050	8 700 526	1 430 804 384	5 834 648	56 446 035	3 231 221	1 527 603 864
Revaluation	3 184 855	15 143 674	-	(75 054)	-	-	18 253 475
Correction of error	(21 280 085)	351 353	1 131 442 901	-	5 644 300	-	1 116 158 469
Accumulated depreciation	-	(2 454 059)	(245 046 224)	(1 087 965)	(33 108 257)	(2 925 924)	(284 622 429)
Acquisition	-	-	229 673 522	2 783 738	26 194 297	-	258 651 557
Capital under construction	-	-	221 560 290	2 783 738	-	-	224 344 028
Transfers in/(out)	79 142	89 522	(229 673 521)	-	(760 422)	-	(230 265 279)
Increases/decreases in revaluation	-	-	-	-	-	-	-
Depreciation	-	(434 437)	(67 027 980)	(181 079)	(8 230 539)	-	(75 874 035)
based on cost	-	(434 437)	(67 027 980)	(181 079)	(8 230 539)	-	(75 874 035)
based on revaluation	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	239 929	-	239 929
Cost/revaluation	-	-	-	-	239 929	-	239 929
Accumulated depreciation	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-
Carrying values	4 570 962	21 396 580	2 471 733 373	7 274 288	45 945 485	305 297	2 551 225 984
As at 30 June 2011	4 570 962	21 396 580	2 471 733 373	7 274 288	45 945 485	305 297	2 551 225 984
Cost	1 386 107	8 790 048	2 783 807 576	8 618 386	87 284 281	3 231 221	2 893 117 619
Revaluation	3 184 855	15 495 027	-	(75 054)	-	-	18 604 828
Accumulated depreciation	-	(2 888 496)	(312 074 204)	(1 269 044)	(41 338 796)	(2 925 924)	(360 496 462)
Cost	-	(2 888 496)	(312 074 204)	(1 269 044)	(41 338 796)	(2 925 924)	(360 496 462)
Revaluation	-	-	-	-	-	-	-

No restriction on title exists on any assets held.

No assets were pledged as security during the year under review.

Refer to Appendix B for more detail on property, plant and equipment

Infrastructure Assets

During the 2010/11 financial year, consulting engineers were appointed to undertake a new identification, verification, revaluation and condition assessment project which would encompass high, medium and low data confidence schemes. All confidence schemes are recognised at deemed cost for all works up to and including 30 June 2006 and actual costs for work done thereafter. Deemed cost was determined using depreciated replacement cost method. All infrastructure has been componentised to the lowest significant part and depreciated separately.

1.3 Reconciliation of capital under construction (work in progress)

Costs incurred on the construction of municipal assets included in infrastructure, plant and equipment. Depreciation only commences once the asset is ready for its intended use.

An analysis is as follows:

	2011/12 R	2010/11 R
Balance at beginning of the year	511 355 713	621 717 030
Restatement	-	(105 031 824)
Additions	315 004 722	224 344 028
Transfer out for capitalisation	(375 117 889)	(229 673 521)
Balance at end of year	451 242 547	511 355 713

1.4 Details of valuations

Land and Buildings

Land and buildings are re-valued independently every 3 -5 years.

All land and buildings have been revalued during the 2009/10 financial year

The effective date of the revaluation was December 2009. The revaluation was performed by

The valuation was performed using depreciated replacement values

Refer to Appendix B for more detail on property, plant and equipment

1.5 Breakdown - Other assets - MUNICIPALITY

Cost/Revaluation				Accumulated Depreciation						
Asset type	Opening balance	Additions	Disposals	Closing balance	Opening balance	Additions	Disposals	Closing balance	Carrying Value	
Total Other Assets	89803223		25920056	2053240	113670039	-43992038	11079714	1532568	-53539184	60 130 855
Office Equipment	14839719		4320735	1054353	18106101	-10968594	2299152	1045493	-12222253	5 883 848
Furniture and fittings	3458108		1592597	85185	4965520	-2693476	80253	81241	-2692488	2 273 032
Plant and Equipment	10446312		478712	0	10925024	-6583674	1123344	0	-7707018	3 218 006
Motor vehicles	61059084		19528012	913702	79673394	-23746294	7576965	405834	-30917425	48 755 969

1.5 Breakdown - Other assets - GROUP

Cost/Revaluation				Accumulated Depreciation						
Asset type	Opening balance	Additions	Disposals	Closing balance	Opening balance	Additions	Disposals	Closing balance	Carrying Value	
Total Other Assets	90515502		26015839	2114922	114416419	-44264717	11205398	1586408	-53883707	60 532 712
Office Equipment	15203839		4364582	1076142	18492279	-11171671	2374808	1062628	-12483851	6 008 428
Furniture and fittings	3806267		1644533	125078	5325722	-2763078	130281	117946	-2775413	2 550 309
Plant and Equipment	10446312		478712	0	10925024	-6583674	1123344	0	-7707018	3 218 006
Motor vehicles	61059084		19528012	913702	79673394	-23746294	7576965	405834	-30917425	48 755 969

1.6 Capitalised expenditure

MUNICIPALITY			GROUP		
2011/12	2010/11		2011/12	2010/11	
R	R		R	R	
117 741 950	125 140 091	Infrastructure	117 741 950	125 140 091	
83 253	-	Land and Buildings	83 253	-	
-	2 783 738	Community	-	2 783 738	
29 101 787	26 300 677	Other	29 197 570	26 750 356	
146 926 990	154 224 506		147 022 773	154 674 185	

1.7 Compensation received for losses on property, plant and equipment – included in operating surplus

MUNICIPALITY			GROUP		
2011/12	2010/11		2011/12	2010/11	
R	R		R	R	
996830	321175	Property, plant and equipment compensation received	1040639	408846	

2. Investment Property

2.1. Reconciliation of Carrying Value

Carrying amount at beginning of year
Cost
Correction of error
Accumulated depreciation and impairment losses

Recognition/derecognition
Impairment
Depreciation
Transfer from owner-occupied property

Carrying amount at end of year
Cost
Accumulated depreciation and impairment losses

Land and buildings	Land and buildings
R	R
64 804 410	36 766 646
69 180 030	22 723 390
-	14 225 466
(4 375 620)	(182 210)
-	32 399 838
-	(4 177 332)
-	(16 078)
-	(168 664)
64 804 410	64 804 410
69 180 030	69 180 030
(4 375 620)	(4 375 620)

2.2 Investment property pledged as security

There were no properties pledged as security

Fair value of investment property carried at cost:

The municipality applies the cost model to recognize its investment properties
Owner-occupied properties have been transferred to investment property at fair value.
Market valuations were performed by an independent valuer, Mr. Mark Sanan, Professional Associated Valuer, of Messrs Kula Valuation Services are not connected to the entity and have recent experience in location and category of the investment property being valued.
Effective date of valuation December 2009.
The fair value of the investment property was determined based on current prices in an active market for similar property in the same location and condition. Although these are investment properties there were no leases attached to these properties as ownership of these properties was confirmed in the current financial year.

3. Intangible Assets

MUNICIPALITY			2012			2011		
			R			R		
Cost	Accumulated Amortisation	Carrying value	Cost	Accumulated Amortisation	Carrying value	Cost	Accumulated Amortisation	Carrying value
Computer software - Application software	2 032 368	(2 031 966)	402	2 031 763	(2 014 724)	17 039		
License fees	59 604	(59 604)	-	59 604	(59 604)	-		
Total	2 091 972	(2 091 570)	402	2 091 367	(2 074 328)	17 039		

GROUP

			2012			2011
R			R			
Cost	Accumulated Amortisation	Carrying value	Cost	Accumulated Amortisation	Am Carrying value	
Computer software - Application software	2256354.79	-2097771	158583.79	2191012	-2023590	167422
License fees	59604	-59604	0	59604	-59604	0
Total	2315958.79	-2157375	158583.89	2250616	-2083194	167422

3.1. Reconciliation of intangible assets - 2012

Computer software - Application software

Opening carrying amount R	Additions R	Correction of error R	Disposals R	Amortisation R	Total R
17 039	605	-	-	(17 242)	402
17 039	605	-	-	(17 242)	402

3.2 Reconciliation of intangible assets - 2011

Computer software - Application software

Opening carrying amount R	Additions R	Correction of error R	Disposals R	Amortisation R	Total R
263 097	-	2 904	-	(248 962)	17 039
263 097	-	2 904	-	(248 962)	17 039

MUNICIPALITY		
2011/12	2010/11	
R	R	
1 000	1 000	
1 000	1 000	
1 000	1 000	
1 000	1 000	
100%	100%	

4. INVESTMENTS

4.1. Investment in subsidiary

Investments in Municipal Entity - cost
Total

Council's valuation of unlisted Investments
Investments in Municipal Entities

Investments in Municipal Entities

Amathole Economic Development Agency (Pty) Ltd t/a ASPIRE
Issued Share Capital (1000 ordinary shares of R1,00 each)
Percentage owned by Council

The Amathole Economic Development Agency was established 1 September 2005

Place of Incorporation: South Africa

Principal Activity: To promote local economic development in the Amathole Municipal District Area.

No financial benefit accrues to the Agency or the District Municipality.
Refer note 38

4.2 Financial assets - Investments

Held to maturity financial assets

The following fixed deposit accounts have been classified as held to maturity financial assets in accordance with IAS 39: Financial Instruments. Maturity periods are fixed and range between 3 - 12 months. Average rate of return on investments 5.98% (**2011: 5.88%**). In accordance with the Municipality's risk management policy deposits are only made with major banks with quality credit standing and limits exposure to any one counter party.

The Municipal Structures Act, Act 117 of 1998, requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate of interest to meet commitments.

No investments were written off during the year.

GROUP		
2011/12	2010/11	
R	R	
-	-	
-	-	
-	-	
-	-	
-	-	

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2011/12	2010/11
R	R
471 109 428	466 189 906
471 109 428	466 189 906

7 045 452	7 182 312
10 060 568	10 245 178
10 238 685	10 037 808
13 334 759	13 076 932
11 307 005	11 083 871
11 305 167	11 082 048
10 323 288	10 127 151
10 287 938	10 095 774
10 016 027	10 255 411
12 097 841	12 056 712
13 446 630	13 064 644
10 400 912	10 049 726
10 008 055	10 048 493
10 286 438	10 049 315
10 287 452	10 049 315
7 229 339	7 034 521
10 288 411	10 049 315
10 286 027	10 049 315
13 460 179	13 076 301
10 132 997	10 036 767
12 424 780	12 070 432
15 412 356	15 125 441
10 353 984	10 058 693
10 271 836	10 251 616
12 422 867	12 192 329
10 006 323	10 247 890
10 281 260	10 095 774
10 594 178	10 259 932
8 064 175	8 212 060
12 436 586	12 206 482
12 310 290	12 071 770
12 072 378	12 291 123
8 329 616	8 183 107
10 283 644	10 085 671
10 027 247	10 125 014
12 336 460	12 114 986
12 094 258	12 319 496
12 146 400	12 306 493
12 490 060	12 262 126
10 409 589	10 126 082
14 109 967	14 366 244
10 254 301	10 059 178
10 133 699	10 039 068
-	367 989
471 109 428	466 189 906

MUNICIPALITY	
2011/12	2010/11
R	R
690 955	649 660
17 176	18 865
708 131	668 525
6 893	6 625
6 893	6 625
701 238	661 900

MUNICIPALITY	
2011/12	2010/11
R	R
588 321	748 052
1 317 294	1 890 258
11 071 220	8 055 488
208 302	368 833
13 185 138	11 062 631

The value of the financial assets disclosed in the above note have not been disclosed as cash and cash equivalents due to its maturity period of 3 months or more as at Statement of Financial Position date.

Call investment deposits
Total: Call Investment Deposits

Call Investment Deposits

Institution	Account No
STANDARD	449720
BANK	449859
	445270
	444799
	444233
	444293
	443259
	443929
	450861
INVESTEC	DBHZ12051410
	DBRK11205FAF
	DB 917129
	DBHZ12062613
	DBHZ12011301
	DBHZ12011101
	DBRK11121300
	DBHZ12011001
ABSA	2057-092-476
	2059-800-124
	2057-067-401
	2060-488-868
	2062-856-304
	2064-823-579
	2065-364-471
	2065-585-419
RAND MERCHANT BANK	VVW2109019
	VVW1720005
	VVW2514017
	VVW1B17009
	KLN2127003
	VVW2525001
	KLN1A10011
	VVW2109021
	KLN2614033
NEDBANK	03/7881714026/000136
	03/7881714026/000143
	03/7881714026/000140
	03/7881714026/000134
	03/7881714026/000133
	03/7881714026/000142
	03/7881714026/000137
	03/7881714026/000139
	03/7881714026/000117

5. NON-CURRENT RECEIVABLES

Deposits
Loans to Local Municipalities
Less: Current portion transferred to current assets
Loans to Local Municipalities
Total

Non-current receivables are financial assets which are categorised as loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost.
The fair values of the loans are estimated to approximate their carrying amounts.

Loans to local municipalities

Financial assets

The loans to the local municipalities represents loans to Winterstrand and Kei Road. The loans currently attract interest at 4% per annum and are repayable over a period of 40 years. These loans will be redeemed by June 2015.

6. INVENTORY

Consumable stores: at cost
Housing projects
Water - own
Water - purchased
Total Inventory

GROUP	
2011/12	2010/11
R	R
471 109 428	466 189 906
471 109 428	466 189 906

7 045 452	7 182 312
10 060 568	10 245 178
10 238 685	10 037 808
13 334 759	13 076 932
11 307 005	11 083 871
11 305 167	11 082 048
10 323 288	10 127 151
10 287 938	10 095 774
10 016 027	10 255 411
12 097 841	12 056 712
13 446 630	13 064 644
10 400 912	10 049 726
10 008 055	10 048 493
10 286 438	10 049 315
10 287 452	10 049 315
7 229 339	7 034 521
10 288 411	10 049 315
10 286 027	10 049 315
13 460 179	13 076 301
10 132 997	10 036 767
12 424 780	12 070 432
15 412 356	15 125 441
10 353 984	10 058 693
10 271 836	10 251 616
12 422 867	12 192 329
10 006 323	10 247 890
10 281 260	10 095 774
10 594 178	10 259 932
8 064 175	8 212 060
12 436 586	12 206 482
12 310 290	12 071 770
12 072 378	12 291 123
8 329 616	8 183 107
10 283 644	10 085 671
10 027 247	10 125 014
12 336 460	12 114 986
12 094 258	12 319 496
12 146 400	12 306 493
12 490 060	12 262 126
10 409 589	10 126 082
14 109 967	14 366 244
10 254 301	10 059 178
10 133 699	10 039 068
-	367 989
471 109 428	466 189 906

GROUP	
2011/12	2010/11
R	R
690 955	649 660
17 176	18 865
708 131	668 525
6 893	6 625
6 893	6 625
701 238	661 900

GROUP	
2011/12	2010/11
R	R
588 321	748 052
1 317 294	1 890 258
11 071 220	8 055 488
208 302	368 833
13 185 138	11 062 631

Housing Projects

The cost incurred on completed housing units that are occupied by beneficiaries has been transferred to the Statement of Financial Performance. A stock count of inventory on hand was conducted at year end and these quantities have been costed.

Water inventory

Unsold purchased water has been disclosed. Correct meter readings at the beginning and end of the financial year could not be guaranteed. Consulting engineers were thus appointed to determine the water on hand for each scheme based on the capacity of reservoirs and pipelines.

MUNICIPALITY		
2011/12	2010/11	
R	R	
102 443 053	63 593 498	
79 314 627	139 877 294	
70 582 846	114 642 539	
28 819 029	50 976 831	
178 716 501	305 496 664	
(76 273 448)	(241 903 166)	
102 443 054	63 593 498	

7. RECIVABLES FROM EXCHANGE TRANSACTIONS

Service debtors

Water and sanitation

- Water
- Sanitation
- Interest on arrears component

Less : Provision for doubtful debts

Total service debtors

The ageing of debtors are as follows:-

MUNICIPALITY		
2011/12	2010/11	
R	R	
39 350 755	21 417 310	
15 167 396	11 025 295	
13 663 393	8 825 364	
12 229 135	8 121 523	
68 064 424	56 672 518	
30 241 398	199 434 654	
178 716 502	305 496 664	

Water and sanitation

Current (0 - 30 days)

30 - 60 Days

60 - 90 Days

90 - 120 Days

120 - 330 Days

+ 330 Days

Total

GROUP		
2011/12	2010/11	
R	R	
102 443 053	63 593 498	
79 314 627	139 877 294	
70 582 846	114 642 539	
28 819 029	50 976 831	
178 716 501	305 496 664	
(76 273 448)	(241 903 166)	
102 443 054	63 593 498	

GROUP		
2011/12	2010/11	
R	R	
39 350 755	21 417 310	
15 167 396	11 025 295	
13 663 393	8 825 364	
12 229 135	8 121 523	
68 064 424	56 672 518	
30 241 398	199 434 654	
178 716 502	305 496 664	

Summary of Debtors by Customer Classification

30 June 2012

Current (0 – 30 days)

30 - 60 Days

60 - 90 Days

90 - 120 Days

120 - 330 Days

+ 330 Days

Sub-total

Less: allowance for doubtful receivables

Total debtors by customer classification

Summary of Debtors by Customer Classification

30 June 2011

Current (0 – 30 days)

30 - 60 Days

60 - 90 Days

90 - 120 Days

120 - 330 Days

+ 330 Days

Sub-total

Less: allowance for doubtful receivables

Total debtors by customer classification

The prior year consumer debtor figure has been restated refer to note 39.1

Section 124 (1) (b) of the MFMA Disclosure

Summary of Debts due by Councillors for service charges

The following Councillors had arrear accounts outstanding for more than 90 days:

Councillor N Nonjaca
Councillor M.J Papu
Councillor TP Dwanya
Councillor NH Konza
Councillor R Jikwana

2011/12	2010/11	
R	R	
1 773	4 691	
501	-	
17 205	-	
-	7 086	
-	350	
19 479	12 127	

Total	Domestic	Industrial / Commercial	National and Provincial Government
R	R	R	R
39 350 755	28 998 524	2 270 215	8 082 016
15 167 396	9 913 474	842 872	4 411 051
13 663 393	10 297 252	698 912	2 667 229
12 229 135	8 823 032	615 978	2 790 126
68 064 424	47 984 087	4 831 669	15 248 668
30 241 399	12 241 884	11 678 094	6 321 421
178 716 502	118 258 252	20 937 740	39 520 511
(76 273 448)	(50 470 799)	(8 935 905)	(16 866 745)
102 443 054	67 787 453	12 001 835	22 653 766

Total	Domestic	Industrial / Commercial	National and Provincial Government
R	R	R	R
21 417 310	12 179 098	2 985 742	6 252 469
11 025 295	8 502 553	943 929	1 578 813
8 825 364	7 007 704	758 607	1 059 053
8 121 523	6 749 429	605 406	766 688
56 672 518	48 095 784	4 563 435	4 013 299
199 434 655	188 774 642	8 890 565	1 769 448
305 496 664	271 309 211	18 747 684	15 439 771
(241 903 166)	(216 296 695)	(14 937 108)	(10 669 363)
63 593 498	55 012 516	3 810 576	4 770 408

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2011/12	2010/11
R	R
251 776 424	169 638 357
106 663 740	91 748 495
(270 944 531)	(9 610 428)
-	-
87 495 633	251 776 424

Reconciliation of Doubtful Debt Allowance

The municipality's trade receivables are stated after allowances for doubtful receivables based on management's assessment of the debtors' creditworthiness. An analysis of the allowance is as follows:

Balance at beginning of the year
Contributions to allowance
Doubtful debts written off against allowance
Reversal of allowance
Balance at end of year

An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments (more than 30 days overdue) are considered indicators that the consumer debtor is impaired.

Financial assets have been classified as loans and receivables

Consumer debtors are billed interest at prime plus 2% on overdue accounts and are therefore considered to be fairly valued. The doubtful debt provision has been discounted using the above-mentioned rate of prime plus two 2% at the reporting date.

2011/12	2010/11
R	R
15 644 947	13 946 439
15 628 708	13 946 439
16 239	-
-	-
(11 222 186)	(9 873 258)
4 422 761	4 073 181

8. OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Sundry receivables
Prepayments
Grants receivable
Less: allowance for doubtful debtors
Total other receivables

The fair value of other receivables approximates their carrying amounts.

2011/12	2010/11
R	R
-	-
-	-
21 864 848	41 215 771
21 864 848	41 215 771

9. VAT

VAT payable

Vat receivable

VAT is paid over to SARS only once payment is received from debtors. All VAT returns have been submitted by the due date throughout the year.

The VAT receivable comparative figure has been restated refer note 39

10. CASH AND CASH EQUIVALENTS

The cash position at financial year end was made up of the following:

Current Account
Call Account
Imprest Account
Plus: Outstanding deposits
Plus: Cancelled cheques
Total Cash Reserves

SUPPLEMENTARY BANK ACCOUNT INFORMATION

CURRENT ACCOUNTS TOTAL

ABSA BANK *Closing Balance*
Opening Balance

Account No 4063093498
East London
5200

Agency
Account No 4064846723
East London
5200

STANDARD BANK *Closing Balance*
Opening Balance

Account No 081093454
East London
Main Branch

2011/12	2010/11
R	R
96 081 761	130 687 229
250 202 515	160 516 918
9 000	9 000
-	643 968
-	(136 000)
346 293 276	291 721 116
96 081 761	130 687 229
68 975 516	14 877 172
14 877 172	92 207 515

27 106 245	115 810 057
115 810 057	6 560 144

GROUP	2011/12	2010/11
	R	R
	251 776 424	169 638 357
	106 663 740	91 748 495
	(270 944 531)	(9 610 428)
	-	-
	87 495 633	251 776 424

GROUP	2011/12	2010/11
	R	R
	15 857 577	15 903 380
	15 775 355	14 158 442
	82 222	-
	-	1 744 938
	(11 222 186)	(9 873 258)
	4 635 391	6 030 122

GROUP	2011/12	2010/11
	R	R
	8 873	140 322
	<u>8 873</u>	<u>140 322</u>
	21 864 848	41 215 771
	<u>21 864 848</u>	<u>41 215 771</u>

GROUP	2011/12	2010/11
	R	R
	106 296 557	140 113 835
	278 303 358	174 282 434
	10 870	10 049
	-	643 968
	-	(136 000)
	<u>384 610 785</u>	<u>314 914 287</u>
	<u>106 296 557</u>	<u>140 113 835</u>
	<u>79 190 312</u>	<u>24 303 778</u>
	24 303 778	92 207 515

27 106 245	115 810 057
115 810 057	6 560 144

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250 202 515	160 516 918
130 202 515	130 516 918
130 516 918	130 996 566

120 000 000	30 000 000
30 000 000	50 000 000

-	-
-	-

MUNICIPALITY	2011/12	2010/11
	R	R
	520 934	578 020
	313 471	573 869
	-	-
	834 405	1 151 889
	(64 135)	(110 722)
	770 270	1 041 167

471 709	503 553
298 561	537 614
-	-
770 270	1 041 167

298 561	537 614
471 709	503 553
770 270	1 041 167

MUNICIPALITY	2011/12	2010/11
	R	R
	471 582	281 579
	471 582	281 579

MUNICIPALITY	2011/12	2010/11
	R	R
	126 837 070	98 316 522
	-	-
	196 539	133 571
	127 033 609	98 450 093

MUNICIPALITY	Number	Number
	939	790
	511	67
	108	562
	1558	1419

MUNICIPALITY	2011/12	2010/11
	R	R
	91 267 591	78 304 954
	35 569 479	20 011 568
	126 837 070	98 316 522

CALL ACCOUNTS TOTAL

Call Account Closing Balance
Opening Balance

ABSA BANK
Account No 9157439416

Call Account Closing Balance
Opening Balance

STANDARD BANK
Account No 88643816001

Call Account Closing Balance
Opening Balance

ABSA BANK LIMITED
Account No 88643816001

The bank balance is to fund the unspent conditional grants of R202 743 343 and trade creditors of R96 541 212.

11. FINANCE LEASE LIABILITY

Minimum lease payments due

-within one year
-in second to fifth year inclusive
-later than five years

less: future finance charges
Present value of minimum lease payments

Present value of minimum lease payments due

-within one year
-in second to fifth year inclusive
-later than five years

Non current liabilities
Current liabilities

It is the municipality's policy to lease certain office equipment under finance leases.
The average lease term was 3 years and the average effective borrowing rate was 9% (Prior Year: 9%).
All leases have fixed repayment terms with no annual escalation rate, but varies with the changes in the prime interest rate.
No arrangements have been entered into for contingent rent.
The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

12. OPERATING LEASE LIABILITY

Operating lease income and expenses have been recognised on a straight line basis over the lease term.

The effect of accounting for operating leases on the straight line basis had the following effect:

Current liabilities

Operating lease accrual

13. DEFINED BENEFIT OBLIGATIONS

Provision for post employment health care benefits 13.1.1
Provision for retirement gratuity benefits 13.2.1
Provision for ex-gratia benefits 13.3.2
Total defined benefit obligations

POST EMPLOYMENT BENEFIT INFORMATION

13.1 Provision for post employment health care benefits

The Post Employment Health Care Benefit plan, of which the members are made up as follows:

- In-service (employee) members
- Continuation (retiree, widower and orphan) members
- In-service (employee) non-members

Total

The liability in respect of past service has been estimated to be as follows:

- In-service members
- Continuation members

Total

278 303 358	171 872 217
130 202 515	130 516 918
130 516 918	130 996 566

120 000 000	30 000 000
30 000 000	50 000 000

28 100 843	11 355 299
11 355 299	11 355 299

GROUP	2011/12	2010/11
	R	R
	520 934	578 020
	313 471	573 869
	-	-
	834 405	1 151 889
	(64 135)	(110 722)
	770 270	1 041 167

471 709	503 553
298 561	537 614
-	-
770 270	1 041 167

298 561	537 614
471 709	503 553
770 270	1 041 167

GROUP	2011/12	2010/11
	R	R
	525 173	314 916
	525 173	314 916

GROUP	2011/12	2010/11
	R	R
	126 837 070	98 316 522
	-	-
	196 539	133 571
	127 033 609	98 450 093

GROUP	Number	Number
	939	790
	511	67
	108	562
	1558	1419

GROUP	2011/12	2010/11
	R	R
	91 267 591	78 304 954
	35 569 479	20 011 568
	126 837 070	98 316 522

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas
- Hosmed
- Keyhealth
- LA Health
- Samwumed
- Fedhealth
- Medshield
- Medcover
- Resolution Health
- GEMS
- Bestmed
- Genhealth
- Spectramed

On retirement of an employee Council has post retirement obligation to contribute 60% to the medical cost of the employee.

MUNICIPALITY	
2011/12	2010/11
R	R
-	-
-	-
126 837 070	98 316 522
126 837 070	98 316 522
-	-
-	-
126 837 070	98 316 522

MUNICIPALITY	
2011/12	2010/11
R	R
98 316 522	91 710 184
10 397 646	8 482 980
(1 665 888)	(2 359 332)
8 600 932	8 346 712
-	-
11 187 858	(7 864 022)
-	-
126 837 070	98 316 522

-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

126 837 070	98 316 522
-	-
126 837 070	98 316 522

11 187 858	(7 864 022)
-	-

13.1.1 Reconciliation of assets and liabilities recognised in the balance sheet

Present value of fund obligations
Fair value of plan assets

Present value of unfunded obligations

Present Value of Obligations in excess of Plan Assets

Unrecognised past service cost
Unrecognised actuarial gains/(losses)
Unrecognised transitional liability

Net liability in Balance Sheet

The municipality has elected to recognise this full increase in this defined benefit liability immediately.

13.1.2 Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year
Current service costs
Expected benefits paid
Interest cost
Past service cost
Actuarial (gains)/losses
Contributions
Present value of fund obligation at the end of the year

13.1.3 Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year
Expected return on plan assets
Contributions: employer
Contributions: employee
Past service costs
Actuarial gains/(losses)
Benefits paid
Fair value of plan assets at the end of the year

13.1.4 Trend information

Present Value of Obligations
Fair Value of Plan Assets
Present Value of Obligations in Excess of Plan Assets

Experience adjustments

Actuarial Gain/(Loss) before changes in Assumptions

In respect of Present Value of Obligations
In respect of Fair Value of Plan Assets

13.1.5 Sensitivity results

The liability is particularly sensitive to the real rate of return earned i.e. the difference between the rate of discount and the rate at which medical aid contributions increase. In the table below are calculations at alternative real rates by varying the assumed rate of discount in order to demonstrate the impact on the accrued liability. The sensitivity analysis on current service and interest cost is also summarised on the below table.

Sensitivity Analysis on the Accrued Liability

Assumption	Change	In-service R	Continuation R	Total R	Percentage change
Central assumption		91 268 000	35 569 000	126 837 000	
	1%	109 203 000	39 180 000	148 383 000	17%
Health care inflation	-1%	76 972 000	32 443 000	109 415 000	-14%
Post retirement mortality	-1%	94 095 000	37 085 000	131 180 000	+3%
Average retirement age	-1%	99 913 000	35 569 000	135 482 000	7%
Withdrawal rate	-50%	98 378 000	35 569 000	133 947 000	6%

GROUP	
2011/12	2010/11
R	R
-	-
-	-
126 837 070	98 316 522
126 837 070	98 316 522
-	-
-	-
126 837 070	98 316 522

GROUP	
2011/12	2010/11
R	R
98 316 522	91 710 184
10 397 646	8 482 980
(1 665 888)	(2 359 332)
8 600 932	8 346 712
-	-
11 187 858	(7 864 022)
-	-
126 837 070	98 316 522

-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

126 837 070	98 316 522
-	-
126 837 070	98 316 522

11 187 858	(7 864 022)
-	-

Sensitivity Analysis on the Current -service and Interest Cost

Assumption	Change	Current service R	Interest Cost R	Total R	Percentage Change
Central assumption		10 397 600	8 600 900	18 998 500	
	1%	12 987 800	10 161 000	23 148 800	22%
Health care inflation	-1%	8 420 800	7 357 000	15 777 800	-17%
Post retirement mortality	-1%	10 698 500	8 878 500	19 577 000	+3%
Average retirement age	-1%	11 416 700	9 234 700	20 651 400	9%
Withdrawal rate	-50%	12 115 400	9 160 800	21 276 200	12%

13.1.6 Key actuarial assumptions used

	2012	2011
Health Care Cost Inflation rate	7.08%	7.38%
Discount Rate	8.12%	8.82%
Net discount rate	0.98%	1.34%

13.2 Provision for retirement gratuity benefits

The liability in respect of retirement gratuity for in-service employees with non-fund service are as follows:

- In-service employees

Employees of Amathole District Municipality participate in the following benefit funds:

- Cape Joint Pension Fund (defined benefit);
- Eastern Cape Group Municipal Pension Fund (defined benefit);
- South African Local Authorities Pension Fund (defined benefit)
- Government Employees Pension Fund (defined benefit);
- Cape Joint Retirement Fund (defined contribution);
- National Fund for Municipal Workers (defined contribution);
- South African Municipal Workers National Provident Fund (defined contribution).

13.2.1 Reconciliation of assets and liabilities recognised in the balance sheet

Present value of fund obligations

Fair value of plan assets

Funded status

Present value of funded obligations

Present Value of Obligations in excess of Plan Assets

Unrecognised past service cost

Unrecognised actuarial gains/(losses)

Unrecognised transitional liability

Net liability in Balance Sheet

13.2.2 Multi-employer funds

The actuaries appointed to perform the valuation on the gratuity obligation were of the opinion that the Amathole District Municipality do not have an obligation for this post-employment benefit. Hence the liability is not recognised and disclosure was made to reflect information pertaining to multi-employer funds.

The following table reflects information on the defined benefit retirement, pension and provident funds to which councillors and employees belong, and in respect of which there is not sufficient information available to make more detailed disclosures.

The Pension Funds Act requires every pension fund to complete a statutory valuation at least every three years.

Defined contribution (DC) Multi-employer plans

The table below reflects the municipality's contributions paid to the Defined Contribution plans for the year.

Full Name of Multi - Employer Plan	Number of the Municipality's employees belonging to the plan	Amount of contributions paid by the Municipality for the year ending 30 June 2012
Cape Retirement Fund (CRF)	1 025	R 35 806 485
SAMWU National Provident Fund (SNPF)	174	R 3 494 039
National Fund for Municipal Workers	16	R 459 927
Cape Joint Pension Fund	6	R 334 841
Eastern Cape Gratuity Fund	2	R 16 562
Eastern Cape Municipal Pension Fund	2	R 77 898
TOTAL		R 40 189 753

Defined benefit (DB) Multi-employer plans

Sufficient information is not available in respect of these multi-employer DB plans to enable full DB accounting disclosure because:

- Plan assets are held as one portfolio and not notionally allocated to each participating employer
- Similarly, the plans' financial statements are not constructed separately for each participating employer, but rather in respect of the whole plan including all the participating employers.
- Contribution rates do not usually vary by participating employer

MUNICIPALITY	2011/12	2010/11
R	R	R
-	-	-

MUNICIPALITY	2011/12	2010/11
R	R	R
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-

GROUP	2011/12	2010/11
R	R	R
-	-	-

GROUP	2011/12	2010/11
R	R	R
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-

The table below reflects the municipality's contributions to these Defined Benefit (DB) plans for the year.

Multi - Employer Plan	Number of the Municipality's employees belonging to the plan	Total number of active members per the Plan's most recent valuation report	Amount of contributions paid by the Municipality for the year ending 30 June 2012	Date of most recently available actuarial valuation report	Funding level
GEPF	84	1 235 064	R 1 688 637	31/03/2010	100.0%
SALA PF	18	18 068	R 469 454	01/07/2011	98.1%
Cape Joint Pension Fund (CJPF)	9	1 222	R 156 592	30/06/2011	98.1%
TOTAL			R 2 314 683		
Key Assumptions					
Multi - Employer Plan	Gross discount rate	Salary inflation	Net post -ret discount rate		
GEPF	10.70%	6.70%	5.80%		
SALA PF	10.75%	7.00%	5.75%		
Cape Joint Pension Fund (CJPF)	9%	6.00%	5.52%		
TOTAL					

Further information for each plan follows below:

GEPF (Government Employees Pension Fund)

The funding level of the GEPF was 100% as at the 31 March 2010 valuation date compared with a deficit of 91.5% as at the 31 March 2009. Part of this increase in funding level is attributable to a weaker valuation basis (with respect to the economic assumptions) as at 31 March 2010. The plan is holding reserves at 19% of what would be in line with the long term funding level per the Board of Trustees adopted GEPF Funding Policy.

The basis for calculating the required future employer contribution rate has also been changed since the previous valuation by including a 5% equity risk premium. This has resulted in a lower required contribution rate comprised (for the two groups of employees) as follows:

	Employee Category	
	Services	Other
Basic employer contribution rate required as at the valuation date:	18.00%	13.00%
Adjustment resulting from including the 5% equity risk premium:	(4.90%)	(3.80%)
Adjusted employer contribution rate required as at the valuation date:	13.10%	9.2%
Actual contribution rate at valuation date recommended to be maintained:	(16.00%)	(13.00%)
(Excess)/Shortfall between actual and required contribution rates:	(2.90%)	(3.80%)

The valuation actuaries recommend that the employers participating in the GEPF be made aware of the following:

- The use of this equity risk premium in determining the contribution rate is a "risk budgeting exercise".
- The higher the equity risk premium, the lower the required (adjusted) contribution rates, but the higher the risk of requiring additional contributions in future should the Plan's experience be worse than assumed.

SALA PF (South African Local Authorities Pension Fund)

There is a defined contribution section in this Plan (17% of the active membership).

The deficit at the most recent actuarial valuation disclosed in the table above was calculated on a Discounted Cash Flow (DCF) basis. This deficit was lower than as at the previous valuation on 1 July 2010.

The valuation actuary recommended that the prevailing employer contribution rate at 1 July 2011 be maintained at 19.18%. This includes a margin of 3.53% over and above the contribution rate required to fund the Projected Unit Method future service benefits and associated costs. The valuation actuary expected that the funding level would be close to 100% as at the next statutory valuation date of 1 July 2012.

CJPF (Cape Joint Pension Fund)

The funding level of the CJPF Defined Benefit section was 98.1% as at the 30 June 2011 valuation date compared with a 100% funding level as at 30 June 2010. The valuation actuary recommended a total contribution rate of 32.40% which was in excess of the 27.0% contribution rate prevailing as at 30 June 2011.

An amount of R42.5 million (2011: R32.7 million) was contributed by Council towards councillor and employee retirement funding. These contributions have been expensed

Refer note 23

The agency contributes to a Liberty Life Provident Fund. The fund is a defined contribution fund with compulsory membership for all permanent employees. Contributions commenced from 1 September 2012 and were R646 399 for the year (2011: R484 580).

13.3 Provision for ex-gratia benefits

13.3.1 Eligible employees

	Female	Male	Total
Number of pensioners	2	8	10
Average Annual pension - R	2314	4616	4155
Pension-weighted average age	72	81.3	80.3

13.3.2 Reconciliation of assets and liabilities recognised in the balance sheet

Total value of liabilities

Value of assets

Unfunded accrued liability

Unrecognised transitional liability

Unrecognised actuarial gain/(loss)

Unrecognised past service cost

Net liability in balance sheet

MUNICIPALITY	2011/12	2010/11
R	R	R
196 539	133 571	
-	-	
196 539	133 571	
-	-	
-	-	
196 539	133 571	

GROUP	2011/12	2010/11
R	R	R
196 539	133 571	
-	-	
196 539	133 571	
-	-	
-	-	
196 539	133 571	

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133 571	253 047
-	-
8 686	21 157
-	-
77 926	(85 144)
(23 644)	(55 489)
196 539	133 571

-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

MUNICIPALITY	
2011/12	2010/11
R	R
8 686	21 157

13.3.3 Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year
Current service costs
Interest cost
Past service cost
Actuarial (gains)/losses
Expected Benefit payments
Present value of fund obligation at the end of the year

13.3.4 Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year
Expected return on plan assets
Contributions: employer
Contributions: employee
Past service costs
Actuarial gains/(losses)
Benefits paid
Fair value of plan assets at the end of the year

13.3.5 Current service costs and interest costs

Total cost

There is no Current-service Cost as there are no in-service members eligible for ex-gratia pension benefits.
The Interest Cost represents the accrual of interest on the Accrued Liability, allowing for benefit payments, over the corresponding year. This arises because all future ex-gratia benefits are one year closer to payment

13.3.6 Sensitivity analysis on the unfunded accrued liability

Assumption	Change	Liability	% Change
		R	
Central assumptions		196 539	
Discount rate	+1%	188 767	-4%
	-1%	205 060	4%
Post-retirement mortality	-1 year	205 611	5%

13.3.7 Sensitivity analysis on the interest cost for the year

Assumption	Change	Liability	% Change
		R	
Central assumptions		8 686	
Discount rate	+1%	9 431	9%
	-1%	7 861	-9%
Post-retirement mortality	-1 year	9 054	4%

13.3.8 Key actuarial assumptions used

Assumption	2012	2011
Discount rate	5.55%	7.12%
Pension Increase rate	0.00%	0.00%
Net effective discount rate	7.12%	7.55%
Mortality in retirement	PA(90)-1	PA(90)-1

14. CONSUMER DEPOSITS

Consumer deposits

The consumer deposits relate to the water and sanitation function.
The municipality does not have an unconditional right to defer the payment of the consumer deposits.

1 772 978	1 599 907
1 772 978	1 599 907

MUNICIPALITY	
2011/12	2010/11
R	R
96 541 212	52 001 276
4 816 998	2 935 286
55 322 997	59 665 881
4 826 418	2 912 935
4 869 369	5 428 897
8 064 263	6 125 249
	503 630
174 441 257	128 573 153

15. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables
Consumer debtors with credit balances
Other payables
Amounts received in advance: Water and sanitation
Accrued leave pay
Accrued service bonus
Indebtness to municipal entity: Amathole Economic Development Agency
Total payables

Trading creditors are non-interest bearing and normally settled on 30-day terms.
The fair value of R55 807 031 was calculated for other payables. A discount rate equating the average return on investments was used.
Short term payables with no stated interest rate may be measured at the original invoice amount if the effect of discounting is immaterial.
The carrying amount of trade payables approximates their fair value due.

133 571	253 047
-	-
8 686	21 157
-	-
77 926	(85 144)
(23 644)	(55 489)
196 539	133 571

-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

GROUP	
2011/12	2010/11
R	R
8 686	21 157

1 772 978	1 599 907
1 772 978	1 599 907

GROUP	
2011/12	2010/11
R	R
96 541 212	52 001 276
4 816 998	2 935 286
55 348 015	59 189 089
4 826 418	2 912 935
5 398 567	5 652 248
8 064 263	6 125 249
	-
174 995 473	128 816 083

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2011/12 R	2010/11 R
14 202 404	10 793 643
10 686 224	8 308 960
(6 851 791)	(4 900 200)
18 036 837	14 202 404
13 167 468	8 773 507
4 869 369	5 428 897
18 036 837	14 202 404

2011/12 R	2010/11 R
6 125 249	5 148 551
14 113 985	6 125 249
-	-
(12 174 971)	(5 148 551)
8 064 263	6 125 249

2011/12 R	2010/11 R
1 044 604	905 453
-	2 318 355
-	-
1 044 604	3 223 809

2011/12 R	2010/11 R
905 453	1 164 441
1 044 604	638 330
(642 929)	-
(262 524)	(897 318)
1 044 604	905 453

2011/12 R	2010/11 R
2 318 355	2 318 355
-	-
-	-
(2 318 355)	-
-	2 318 355

2011/12 R	2010/11 R
-	1 233 895
-	-
-	(1 207 882)
-	(26 013)
-	-

The movement on the leave accrual and service bonus accrual balances as above for the 2012 financial year were as follows:

15.1 Accrued Leave Pay

Opening Balance	
Plus: Contributions during the year	
Leave sold during the year	
Total leave accrual	

Non current portion of leave accrual
Current portion of leave accrual

The municipality makes provision for staff leave pay based upon the basic salary scale for 2011/12.
The short term portion of the provision is based on the number of accrued days versus the number of days sold.

15.2 Accrued Service Bonus

Opening balance	
Additional provision	
Amounts utilised	
Unused amounts reversed	
Carrying amount at end of the year	

The accrual calculation is based on the portion of the thirteenth cheque payable that falls due within the current year.

16. PROVISIONS

Performance bonus	16.1
TASK grades	16.2
Provision: Post-employment benefit	16.3
Total provisions	

Performance bonuses

Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date.
The provision is calculated at 14% of the current total salary package of Section 57 employees for the 2011/12 financial year, however this is subject to change once the assessments have been finalised.

TASK grades

The provision has been reversed during the 2011/12 financial year and disclosed as a contingent liability refer **note 41** as the municipality is still in the process of re-grading jobs. The re-grading is to be subjected to an audit. The outcome is thus based on the audit. The job evaluation unit are only able to calculate a rough estimate.

The movement in current provisions are reconciled as follows: -

16.1 Performance Bonus

Opening balance	
Additional provision	
Amounts utilised	
Unused amounts reversed	
Carrying amount at end of the year	

16.2 TASK grades

Opening balance	
Additional provision	
Amounts utilised	
Unused amounts reversed	
Carrying amount at end of the year	

16.3 Provision for Post-employment benefit

Opening balance	
Additional provision	
Amounts utilised	
Unused amounts reversed	
Carrying amount at end of the year	

GROUP 2011/12 R	2010/11 R
14 202 404	10 793 643
11 215 422	8 308 960
(6 851 791)	(4 900 200)
18 566 035	14 202 404
13 167 468	8 773 507
5 398 567	5 428 897
18 566 035	14 202 404

GROUP 2011/12 R	2010/11 R
6 125 249	5 148 551
14 113 985	6 125 249
-	-
(12 174 971)	(5 148 551)
8 064 263	6 125 249

GROUP 2011/12 R	2010/11 R
1 354 432	1 234 662
-	2 318 355
-	-
1 354 432	3 553 018

GROUP 2011/12 R	2010/11 R
1 234 662	1 420 359
1 044 604	711 621
(662 310)	-
(262 524)	(897 318)
1 354 432	1 234 662

GROUP 2011/12 R	2010/11 R
2 318 355	2 318 355
-	-
-	-
(2 318 355)	-
-	2 318 355

GROUP 2011/12 R	2010/11 R
-	1 233 895
-	-
-	(1 207 882)
-	(26 013)
-	-

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2011/12 R	2010/11 R
99 732 128	73 506 101
69 772 484	46 402 847
3 142 306	1 851 149
172 646 918	121 760 098

2011/12 R	2010/11 R
313 407 860	289 468 791
203 595 140	191 571 001
54 841 552	70 639 859
40 280 001	12 879 684
259 232 947	231 048 842
871 357 500	795 608 177

2011/12 R	2010/11 R
3 019 528	-
-	8 835 133
-	3 034 766
-	-
-	5 800 367
-	(5 815 605)
-	(4 425 186)
-	(1 390 420)
3 019 528	3 019 528

2011/12 R	2010/11 R
120 996 939	127 483 618
389 686 690	302 048 751
(340 849 294)	(308 535 431)
169 834 335	120 996 939

2011/12 R	2010/11 R
-	-
321 323 000	231 048 843
(259 232 947)	(231 048 843)
62 090 053	-

2011/12 R	2010/11 R
15 859 988	3 572 699
48 196 621	29 147 329
(52 386 469)	(16 860 040)
11 670 140	15 859 988

17. SERVICE CHARGES

Sale of water	
Sewerage and sanitation charges	
Fire Services	
Total service charges	

18. GOVERNMENT GRANTS AND SUBSIDIES

Equitable share	
Levy replacement grant	
Conditional Grants: Conditions met - transferred to revenue	
Other government grants and subsidies	
MIG grant	
Total Government Grants and Subsidies	

The first tranche of Equitable share was short paid by R13 278 000, hence the expected amount was R220 950 000. This shortfall is as a result of an unspent conditional grant on Transport pertaining to the 07/08 financial year.

18.1 Equitable Share

This grant is used to subsidise the following functions:

Water Service Provider
Water Service Authority
Engineering Services
Disaster Management
Health & Protection Services
Fire service
Building & Services Planning
Municipal Manager
Project Management Unit

18.2 Income for Agency Services

Balance outstanding at beginning of year	
Total Income	
Subsidy received	
Corrections	
Other income	
Total Expenditure	
Less: Expenditure subsidy	
Less: Other expenditure relating to sundry income	
Conditions still to be met- transferred to creditors	

The Municipality renders health services on behalf of the Provincial Government and is refunded 100% of the total expenditure incurred. The conditions of the grant have been met. There was a delay in receiving the subsidy due to negotiations regarding the Service Level Agreement.

18.3 Unspent Conditional Grants and Receipts

Balance unspent at beginning of year	
Current year receipts	
Interest Received	
Less: Expenditure including declined roll-over	
Condition still to be met-remain as liabilities	

18.3.1 MIG Grant

Balance unspent at beginning of year	
Current year receipts	
Less: Expenditure	
Condition still to be met-remain as current liabilities	
Refer to Annexure 1	
Note: included in total of Note 18.3	

18.3.2 Regional Bulk Infrastructure Grant

Balance unspent at beginning of year	
Current year receipts	
Less: Expenditure	
Condition still to be met-remain as current liabilities	
Refer to Annexure 1	
Note: included in total of Note 18.3	

GROUP 2011/12 R	2010/11 R
99 732 128	73 506 101
69 772 484	46 402 847
3 142 306	1 851 149
172 646 918	121 760 098

GROUP 2011/12 R	2010/11 R
313 407 860	289 468 791
203 595 140	191 571 001
134 358 003	130 084 382
40 280 001	12 879 684
259 232 947	231 048 842
950 873 951	855 052 700

GROUP 2011/12 R	2010/11 R
3 019 528	-
-	8 835 133
-	3 034 766
-	-
-	5 800 367
-	(5 815 605)
-	(4 425 186)
-	(1 390 420)
3 019 528	3 019 528

GROUP 2011/12 R	2010/11 R
139 357 205	135 472 831
484 171 622	372 714 660
-	-
(420 785 484)	(368 830 286)
202 743 343	139 357 205

GROUP 2011/12 R	2010/11 R
-	-
321 323 000	231 048 843
(259 232 947)	(231 048 843)
62 090 053	-

GROUP 2011/12 R	2010/11 R
15 859 988	3 572 699
48 196 621	29 147 329
(52 386 469)	(16 860 040)
11 670 140	15 859 988

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MUNICIPALITY		
2011/12	2010/11	
R	R	
216 578	422 692	
852 616	-	
(738 755)	(206 114)	
330 439	216 578	

MUNICIPALITY		
2011/12	2010/11	
R	R	
130 138	579 035	
790 000	718 108	
(744 326)	(1 167 007)	
175 812	130 138	

MUNICIPALITY		
2011/12	2010/11	
R	R	
7 481 209	680 196	
3 731 000	7 457 000	
(295 036)	(655 987)	
10 917 173	7 481 209	

MUNICIPALITY		
2011/12	2010/11	
R	R	
-	-	
1 687 000	-	
(940 306)	-	
746 694	-	

MUNICIPALITY		
2011/12	2010/11	
R	R	
510 076	702 247	
-	-	
-	(192 172)	
510 076	510 076	

MUNICIPALITY		
2011/12	2010/11	
R	R	
-	-	
71 450 000	42 405 413	
(71 450 000)	(42 405 413)	
-	-	

MUNICIPALITY		
2011/12	2010/11	
R	R	
-	-	
-	-	
-	-	
-	-	

MUNICIPALITY		
2011/12	2010/11	
R	R	
-	-	
-	-	
-	-	
-	-	

MUNICIPALITY		
2011/12	2010/11	
R	R	
-	-	
-	-	
-	-	
-	-	

18.3.3 Budget Reform Grant

Balance unspent at beginning of year
Current year receipts
Less: Expenditure

Condition still to be met-remain as current liabilities

Refer to Annexure 1

Note: included in total of Note 18.3

18.3.4 Municipal System Improvement Grant

Balance unspent at beginning of year
Current year receipts
Less: Expenditure

Condition still to be met-remain as current liabilities

Refer to Annexure 1

Note: included in total of Note 18.3

18.3.5 Expanded Public Works Programme Grant

Balance unspent at beginning of year
Current year receipts
Less: Expenditure

Condition still to be met-remain as current liabilities

Refer to Annexure 1

Note: included in total of Note 18.3

18.3.6 Public Transport Infrastructure Grant

Balance unspent at beginning of year
Current year receipts
Less: Expenditure

Condition still to be met-remain as current liabilities

Refer to Annexure 1

Note: included in total of Note 18.3

18.3.7 Department of Water Affairs: Flood Relief Grant

Balance unspent at beginning of year
Current year receipts
Less: Expenditure

Condition still to be met-remain as current liabilities

Refer to Annexure 1

Note: included in total of Note 18.3

18.3.8 Neighbourhood Development Partnership Grant

Balance unspent at beginning of year
Current year receipts
Less: Expenditure

Condition still to be met-remain as current liabilities

Refer to Annexure 1

Note: included in total of Note 18.3

18.3.9 BURP Grant

Balance unspent at beginning of year
Current year receipts
Less: Expenditure

Condition still to be met-remain as current liabilities

Refer to Annexure 1

Note: included in total of Note 18.3

18.3.10 Industrial Development Corporation Grant

Balance unspent at beginning of year
Current year receipts
Less: Expenditure

Condition still to be met-remain as current liabilities

Refer to Annexure 1

Note: included in total of Note 18.3

18.3.11 Ngqushwa Municipality

Balance unspent at beginning of year
Current year receipts
Less: Expenditure

Condition still to be met-remain as current liabilities

Refer to Annexure 1

Note: included in total of Note 18.3

GROUP		
2011/12	2010/11	
R	R	
216 578	422 692	
852 616	-	
(738 755)	(206 114)	
330 439	216 578	

GROUP		
2011/12	2010/11	
R	R	
130 138	579 035	
790 000	718 108	
(744 326)	(1 167 007)	
175 812	130 138	

GROUP		
2011/12	2010/11	
R	R	
7 481 209	680 196	
3 731 000	7 457 000	
(295 036)	(655 987)	
10 917 173	7 481 209	

GROUP		
2011/12	2010/11	
R	R	
-	-	
1 687 000	-	
(940 306)	-	
746 694	-	

GROUP		
2011/12	2010/11	
R	R	
510 076	702 247	
-	-	
-	(192 172)	
510 076	510 076	

GROUP		
2011/12	2010/11	
R	R	
-	-	
71 450 000	42 405 413	
(71 450 000)	(42 405 413)	
28 163 262	9 222 269	

GROUP		
2011/12	2010/11	
R	R	
1 370 244	1 394 223	
-	-	
(1 370 244)	(23 979)	
-	1 370 244	

GROUP		
2011/12	2010/11	
R	R	
1 815 372	956 262	
3 000 000	3 000 000	
(3 132 241)	(2 140 890)	
1 683 131	1 815 372	

GROUP		
2011/12	2010/11	
R	R	
67 000	-	
-	223 896	
-	(156 896)	
67 000	67 000	

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2011/12	2010/11
R	R
-	-
-	-
-	-
-	-
-	-

2011/12	2010/11
R	R
-	-
-	-
-	-
-	-
-	-

2011/12	2010/11
R	R
-	-
-	-
-	-
-	-
-	-

2011/12	2010/11
R	R
-	-
-	-
-	-
-	-
-	-

2011/12	2010/11
R	R
-	-
-	-
-	-
-	-
-	-

2011/12	2010/11
R	R
-	-
-	-
-	-
-	-
-	-

2011/12	2010/11
R	R
-	-
-	-
-	-
-	-
-	-

2011/12	2010/11
R	R
-	-
-	-
-	-
-	-
-	-

18.3.12 Indalo Yethu
Balance unspent at beginning of year
Current year receipts
Less: Expenditure
Condition still to be met-remain as current liabilities
Refer to Annexure 1
Note: included in total of Note 18.3

18.3.13 DEDEA: Woodhouse
Balance unspent at beginning of year
Current year receipts
Less: Expenditure
Condition still to be met-remain as current liabilities
Refer to Annexure 1
Note: included in total of Note 18.3

18.3.14 European Union: Keiskammahoek
Balance unspent at beginning of year
Current year receipts
Less: Expenditure
Condition still to be met-remain as current liabilities
Refer to Annexure 1
Note: included in total of Note 18.3

18.3.15 Mbashe Municipality: N2 Summit
Balance unspent at beginning of year
Current year receipts
Less: Expenditure
Condition still to be met-remain as current liabilities
Refer to Annexure 1
Note: included in total of Note 18.3

18.3.16 Eastern Cape Development Corporation
Balance unspent at beginning of year
Current year receipts
Less: Expenditure
Condition still to be met-remain as current liabilities
Refer to Annexure 1
Note: included in total of Note 18.3

18.3.17 DNT: Hamburg Arts Residency
Balance unspent at beginning of year
Current year receipts
Less: Expenditure
Condition still to be met-remain as current liabilities
Refer to Annexure 1
Note: included in total of Note 18.3

18.3.18 Department of Rural Development and Agrarian land Reform
Balance unspent at beginning of year
Current year receipts
Less: Expenditure
Condition still to be met-remain as current liabilities
Refer to Annexure 1
Note: included in total of Note 18.3

18.3.19 Development Bank of South Africa
Balance unspent at beginning of year
Current year receipts
Less: Expenditure
Condition still to be met-remain as current liabilities
Refer to Annexure 1
Note: included in total of Note 18.3

During the current year, ASPIRE completed the following projects which constructed assets for the local municipalities:

	Date of completion
Stutterheim Bridge	Jun 2012
Butterworth CBD upgrade	Dec 2011

18.4 Changes in levels of government grants
Based on the allocations set out in the Division of Revenue Act, (Act No.1 of 2010), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

GROUP	2011/12	2010/11
	R	R
-	-	-
2 367 722	-	-
(2 344 341)	-	-
23 381	-	-

GROUP	2011/12	2010/11
	R	R
948 530	-	-
-	1 648 000	-
(948 530)	(699 470)	-
-	948 530	-

GROUP	2011/12	2010/11
	R	R
-	-	-
-	173 105	-
-	(173 105)	-
-	-	-

GROUP	2011/12	2010/11
	R	R
87 719	-	-
-	87 719	-
-	-	-
87 719	87 719	-

GROUP	2011/12	2010/11
	R	R
90 900	-	-
419 740	813 676	-
(125 702)	(722 776)	-
384 938	90 900	-

GROUP	2011/12	2010/11
	R	R
3 494 961	4 604 187	-
6 487 394	6 258 536	-
(8 746 050)	(7 367 762)	-
1 236 305	3 494 961	-

GROUP	2011/12	2010/11
	R	R
316 449	-	-
9 175 532	10 327 298	-
(9 175 532)	(10 010 849)	-
316 449	316 449	-

GROUP	2011/12	2010/11
	R	R
96 491	96 491	-
-	-	-
-	-	-
96 491	96 491	-

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MUNICIPALITY		
2011/12	2010/11	
R	R	
-	3 034 766	
244 986	206 891	
618 117	167 552	
1 071 038	196 882	
58 054	47 918	
74 985	21 490	
3 448	-	
70	1 374	
46 410 950	43 521 990	
48 481 648	47 198 864	

MUNICIPALITY		
2011/12	2010/11	
R	R	
311 445	268 692	

MUNICIPALITY		
2011/12	2010/11	
R	R	
(996 830)	(321 175)	
88 656 368	76 343 423	
17 242	248 962	
-	16 078	
88 673 610	76 608 463	

MUNICIPALITY		
2011/12	2010/11	
R	R	
-	-	
915 379	802 775	
11 500 000	10 000 000	
239 941	431 406	
189 280	219 296	
34 676	257 094	
335 028	578 349	
318 903	326 579	
34 588	17 034	
174 919	-	
6 663 215	6 592 729	
8 972 285	14 665 083	
35 797 408	21 950 713	
2 351 250	2 804 250	
246 635	232 282	
1 139 544	580 782	
391 558	362 898	
487	184	
1 011 533	787 941	
1 654 474	1 416 570	
1 502 700	1 300 631	
911 616	142 134	
3 515 910	1 514 462	
378 955	221 498	
190 389	29 472	
394 996	471 343	
876 547	15 409 403	
93 766	39 226	
19 077 453	16 004 603	
1 139 443	1 008 157	
1 661 049	1 800 419	
104 941	108 905	
-	-	
2 849	4 246	
965	-	
246 000	176 572	
160 873	113 529	
514 997	211 609	
235 598	179 923	
154 597	445 810	
3 457 806	1 345 961	
4 613 606	4 475 783	
10 107	720 789	
297 011	229 373	
-	132 604	
998 739	551 398	
990 880	658 284	
1 055 736	549 091	
2 113 931	2 178 337	

19. OTHER INCOME

Agency services	
Commission	
Connection fees	
Conservancy fees	
Emergency tanked water	
Legal fees recovered	
RD cheques bank charges recovered	
Prepaid water sales	
Sundry income	
Total Other Income	

20. RENTAL OF FACILITIES AND EQUIPMENT

Rental income received for leased property

21. DEPRECIATION AND AMORTISATION EXPENSE AND GAIN ON DISPOSAL OF ASSETS

Gain on sale of infrastructure, plant and equipment	
Depreciation on Infrastructure, plant and equipment	
Amortisation on Intangible Assets	
Depreciation on Investment Property	
Total depreciation and amortisation	

22. GENERAL EXPENDITURE

22.1 OTHER

Accounting fees	
Advertising	
Amathole Economic Development Agency Contribution	
Annual event	
Advisory forums	
Assessment rates	
Audit committee	
Bank charges	
Books and publications	
By-law consultation	
Bulk purchases: Chemicals	
Bulk purchases: Repairs and maintenance	
Bulk purchases: Labour, travel and supervision	
Bulk purchases: General expenses	
Bursary for rare skills	
Campaigns and promotions	
Chemicals	
Cleaning materials	
Communication	
Community Based Organisation	
Conference expenses	
Consultative forums	
Consultants	
Consumables	
Dam safety	
Database expenditure	
Delegated management	
Disposal of the dead	
Electricity, water and refuse	
Employee welfare	
Emergency provisions	
Entertainment	
Legal fees	
Fire services	
First aid	
Food control	
Fumigation	
Grants in aid	
Hiring costs	
IGR learner ship and programmes	
Indigent support	
Insurance	
International programmes	
Job evaluation expenditure	
Nursing services	
Licences and subscriptions	
Marketing	
Meeting costs	
Membership fees	

GROUP		
2011/12	2010/11	
R	R	
-	3 034 766	
244 986	206 891	
618 117	167 552	
1 071 038	196 882	
58 054	47 918	
74 985	21 490	
3 448	-	
70	1 374	
46 926 238	43 967 419	
48 996 936	47 644 293	

GROUP		
2011/12	2010/11	
R	R	
311 445	268 692	

GROUP		
2011/12	2010/11	
R	R	
(1 032 846)	(319 127)	
88 782 051	76 439 341	
74 181	257 828	
-	16 078	
88 856 232	76 713 247	

GROUP		
2011/12	2010/11	
R	R	
258 069	119 332	
915 379	814 784	
-	-	
239 941	431 406	
189 280	219 296	
34 676	257 094	
335 028	600 349	
336 276	339 586	
34 588	-	
174 919	-	
6 663 215	6 592 729	
8 972 285	14 731 999	
35 797 408	21 950 713	
2 351 250	2 804 250	
246 635	232 282	
1 139 544	580 782	
391 558	362 898	
6 531	4 338	
1 011 533	787 941	
1 654 474	1 416 570	
1 502 700	1 302 992	
911 616	142 134	
3 662 066	1 767 440	
378 955	221 498	
190 389	-	
394 996	471 343	
876 547	15 409 403	
93 766	39 226	
19 100 225	16 020 577	
1 145 498	1 008 157	
1 661 049	1 800 419	
113 912	122 901	
127 886	24 965	
2 849	4 246	
965	-	
246 000	176 572	
160 873	113 529	
514 997	211 609	
235 598	179 923	
154 597	445 810	
3 457 806	1 345 961	
4 660 514	4 509 291	
10 107	720 789	
297 011	229 373	
-	132 604	
1 044 245	600 722	
990 880	658 284	
1 055 736	-	
2 113 931	2 178 337	

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-	-
48 421	20 399
1 384 400	93 147
1 769 468	1 642 008
122 132 511	88 446 010
3 145 646	3 589 057
48 926	29 112
38 902	216 675
2 917 943	1 386 468
2 183 880	1 267 507
-	-
1 390 438	499 054
1 542 866	1 030 343
814 734	893 291
10 809 330	2 802 857
2 309 088	1 977 864
1 532 598	34 512
6 525 411	6 144 088
4 654 951	1 483 601
534 175	583 820
6 103 679	3 294 010
3 700 982	3 306 584
93 220	2 123
120 000	148 500
4 215 274	3 988 292
13 298 131	8 654 182
1 520 212	343 204
-	2 123 368
27 550 817	80 251 218
26 210	6 175
337 084 774	326 307 097

MUNICIPALITY	
2011/12	2010/11
R	R
9 235 420	6 620 451
9 347 820	13 758 627
442 403	392 552
19 025 643	20 771 630

MUNICIPALITY	
2011/12	2010/11
R	R
572 964	4 219 354
45 859 269	13 404
46 432 233	42 212 652

MUNICIPALITY	
2011/12	2010/11
R	R
3 875 091	3 635 700
3 875 091	3 635 700

MUNICIPALITY	
2011/12	2010/11
R	R
-	-
406 417 741	392 927 079

MUNICIPALITY	
2011/12	2010/11
R	R
182 254 743	161 971 171
46 478 749	41 318 674
9 088 134	7 030 631
1 357 414	1 311 281
9 244 034	7 904 271
15 913 700	13 215 648
10 625 146	8 405 830
9 084 995	770 189
28 583 516	6 460 849
312 630 431	248 388 545

Miscellaneous expenditure	11 846	478 973
Oversight committee	48 421	-
Pit latrine clearance	1 384 400	-
Postage	1 783 033	1 652 893
Internally funded project allocations	122 132 511	88 446 010
Printing and stationery	3 258 112	3 673 120
Project Management	48 926	29 112
Property transfer costs	38 902	216 675
Protective clothing	2 917 943	1 386 468
Public participation	2 183 880	1 267 507
Recruitment expenditure	41 187	44 596
Refreshments	1 411 362	514 936
Rentals: VPN lines	1 542 866	1 030 343
Sampling and testing	814 734	893 291
Security services	10 835 965	2 835 226
Skills development levy	2 309 088	1 977 864
Solid waste site costs	1 532 598	34 512
Software and computer expenditure	6 589 496	6 184 841
Special programmes	4 654 951	1 483 601
Stipend volunteers	534 175	583 820
Subsistence and travel	6 221 981	3 411 266
Telephone expenditure	3 811 003	3 431 306
Tools	93 220	2 123
Tourism	120 000	148 500
Training and workshops	4 593 839	3 988 292
Transport	13 298 131	8 654 182
Water research levy	1 520 212	343 204
Water support	-	2 123 368
Conditional grant expenditure	27 550 817	80 251 218
Whippery	26 210	6 175
Total	327 168 110	317 177 975

22.2 LEASING SERVICES

Operating lease charges	
<i>Premises</i>	
- Contractual amounts	6 620 451
<i>Motor vehicles</i>	
- Contractual amounts	13 758 627
<i>Office Equipment</i>	
- Contractual amounts	450 091

22.3 COST OF INVENTORIES

Housing inventories	572 964	4 219 354
Stores and materials	45 859 269	13 404
Water purchases	46 432 233	42 212 652

22.4 AUDIT FEES PAID

Fees - current year	4 425 065	3 880 912
	4 425 065	3 880 912

Loss on foreign exchange	-	-
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TOTAL GENERAL EXPENDITURE

23. EMPLOYEE RELATED COSTS

Employee related costs- Salaries and Wages	189 827 875	167 406 799
Employee related costs- Contribution for UIF, pensions and medical aid	46 478 749	41 318 674
Travel, motor car, accommodation, subsistence and other allowances	9 088 134	7 030 631
Housing benefits and allowances	1 357 414	1 311 281
Overtime payments	9 244 034	7 904 271
Bonus	15 913 700	13 215 648
Leave pay provision contribution	10 625 146	8 405 830
Other benefits/allowances	9 084 995	770 189
Defined benefit obligation contribution	28 583 516	6 460 849
Total Employee Related Costs	320 203 563	253 824 173

GROUP	
2011/12	2010/11
R	R
9 819 988	6 620 451
9 347 820	13 758 627
515 024	450 091
19 682 833	20 829 169

GROUP	
2011/12	2010/11
R	R
572 964	4 219 354
45 859 269	13 404
46 432 233	42 212 652

GROUP	
2011/12	2010/11
R	R
3 875 091	3 635 700
3 875 091	3 635 700

GROUP	
2011/12	2010/11
R	R
-	-
397 708 241	384 100 709

GROUP	
2011/12	2010/11
R	R
182 254 743	161 971 171
46 478 749	41 318 674
9 088 134	7 030 631
1 357 414	1 311 281
9 244 034	7 904 271
15 913 700	13 215 648
10 625 146	8 405 830
9 084 995	770 189
28 583 516	6 460 849
312 630 431	248 388 545

GROUP	
2011/12	2010/11
R	R
189 827 875	167 406 799
46 478 749	41 318 674
9 088 134	7 030 631
1 357 414	1 311 281
9 244 034	7 904 271
15 913 700	13 215 648
10 625 146	8 405 830
9 084 995	770 189
28 583 516	6 460 849
320 203 563	253 824 173

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30 273 048	8 901 683
10 397 646	8 482 980
8 609 618	8 367 869
11 265 784	(7 949 166)

42 567 531	32 744 038
40 252 848	30 512 796
2 314 683	2 231 241

MUNICIPALITY

2011/12	2010/11
R	R
815 265	1 003 232
108 459	162 129
221 865	-
22 976	28 164
132 003	171 600
24 155	15 528
1 373	1 497
1 326 096	1 382 150

MUNICIPALITY

2011/12	2010/11
R	R
674 720	624 873
120 556	185 905
58 417	-
27 187	-
29 868	28 164
223 917	228 694
19 570	11 186
165 841	148 327
1 320 076	1 227 148

MUNICIPALITY

2011/12	2010/11
R	R
631 761	595 753
87 935	168 756
59 493	-
29 868	28 164
271 012	253 270
14 575	8 268
157 169	155 716
1 251 814	1 209 927

MUNICIPALITY

2011/12	2010/11
R	R
672 709	608 268
30 494	-
0	17 739
29 383	22 918
271 012	137 203
15 036	4 402
125 291	60 250
1 143 925	850 780

MUNICIPALITY

2011/12	2010/11
R	R
775 334	715 479
107 792	104 957
175 250	-
29 868	28 164
144 000	144 000
20 048	10 458
144 666	132 166
1 396 958	1 135 225

Defined Benefit Plan (Post employment medical aid and retirement gratuity) Expense

- current service cost	8 482 980
- interest cost	8 367 869
- actuarial loss/(gain) recognised	(7 949 166)

Amount expended in respect of retirement benefit plans:

Defined contribution funds	30 512 796
Defined benefit funds	2 231 241

Remuneration of the Municipal Manager

Annual Remuneration	1 003 232
Performance Bonus	162 129
Leave encashment	-
Cell Phone Allowance	28 164
Travel Allowance	171 600
Back pay of remuneration	15 528
Contribution to UIF, Medical and Pension Fund	1 497
Total	1 382 150

The Municipal Manager Mr V. Mlokoti resigned from the Amathole District Municipality on 29 February 2012.
Mr. C. Magwangqana was appointed as the Municipal Manager as from 3 May 2012.

Remuneration of the Chief Finance Officer

Annual Remuneration	624 873
Performance Bonuses	185 905
Leave encashment	-
Acting Allowance	-
Cell Phone Allowance	28 164
Travel Allowance	228 694
Back pay of remuneration	11 186
Contributions to UIF, Medical and Pension Funds	148 327
Total	1 227 148

Remuneration of the Director: Engineering

Annual Remuneration	595 753
Performance Bonuses	168 756
Leave encashment	-
Cell Phone Allowance	28 164
Travel Allowance	253 270
Back pay of remuneration	8 268
Contributions to UIF, Medical and Pension Fund	155 716
Total	1 209 927

Remuneration of the Director: Strategic Management

Annual Remuneration	608 268
Performance Bonuses	-
Leave encashment	17 739
Cell Phone Allowance	22 918
Travel Allowance	137 203
Back pay of remuneration	4 402
Contributions to UIF, Medical and Pension Fund	60 250
Total	850 780

Remuneration of the Director: Corporate Services

Annual Remuneration	715 479
Performance bonus	104 957
Leave Encashment	-
Cell Phone Allowance	28 164
Travel Allowance	144 000
Back Pay of Remuneration	10 458
Contributions to UIF, Medical and Pension Fund	132 166
Total	1 135 225

30 273 048	8 901 683
10 397 646	8 482 980
8 609 618	8 367 869
11 265 784	(7 949 166)

42 567 531	32 744 038
40 252 848	30 512 796
2 314 683	2 231 241

GROUP

2011/12	2010/11
R	R
815 265	1 003 232
108 459	162 129
221 865	0
22 976	28 164
132 003	171 600
24 155	15 528
1 373	1 497
1 326 096	1 382 150

GROUP

2011/12	2010/11
R	R
674 720	624 873
120 556	185 905
58 417	0
27 187	0
29 868	28 164
223 917	228 694
19 570	11 186
165 841	148 327
1 320 076	1 227 148

GROUP

2011/12	2010/11
R	R
631 761	595 753
87 935	168 756
59 493	-
29 868	28 164
271 012	253 270
14 575	8 268
157 169	155 716
1 251 814	1 209 927

GROUP

2011/12	2010/11
R	R
672 709	608 268
30 493.68	-
-	17 739
29 383	22 918
271 012	137 203
15 036	4 402
125 291	60 250
1 143 925	850 780

GROUP

2011/12	2010/11
R	R
775 334	715 479
107 792	104 957
-	-
175 250	28 164
29 868	144 000
144 000	10 458
20 048	132 166
1 396 958	1 135 225

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2011/12 R	2010/11 R
-	-
37 206 779	31 937 369
(37 206 779)	(31 937 369)
-	-
-	-

-	-
65 022 198	50 606 393
(65 022 198)	(50 606 393)
-	-
-	-

MUNICIPALITY 2011/12 R	2010/11 R
-	593 360
82 757	380 807
-	258 744
-	225 700
86 996	-
84 544	364 957
-	143 415
-	-
254 297	1 966 983

MUNICIPALITY 2011/12 R	2010/11 R
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

MUNICIPALITY 2011/12 R	2010/11 R
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

MUNICIPALITY 2011/12 R	2010/11 R
1 336 611	962 190
47 733	374 421
(937 018)	-
447 326	1 336 611

25. PAYE AND UIF

Opening balance
Current year payroll deductions
Amount paid-current year
Amount paid-previous year
Balance unpaid included in payables

26. PENSION AND MEDICAL AID DEDUCTIONS

Opening balances
Current year payroll deductions and Council Contributions
Amount paid-current year
Amount paid-previous year
Balance unpaid included in payables

The pension fund contributions disclosed above includes contributions to the defined benefit and defined contribution funds.

27. GRANTS AND SUBSIDIES PAID

Mbhashe Municipality
Mnquma Municipality
Great Kei Municipality
Buffalo City Municipality
Ngqushwa Municipality
Nkonkobe Municipality
Nxuba Municipality
Projects - ASPIRE
Total Grants and Subsidies

The above grants relates to internally funded project allocations to local municipalities and grant expenditure from externally funded grants.

28. TAXATION

28.1 South African normal tax

- Current tax
- Under provision prior year

South African effective and nominal tax rate

28.2 Taxation asset/(liability)

- Amount paid/(payable) at beginning of year
- Current tax
- Transfer of overpaid provisional tax to VAT account
- Interest and penalties received/(paid)
- Interest reversed by SARS
- Overprovision
- Under provision per 2006 assessment
- Less: Paid during the year
Taxation liability

29. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

29.1 Unauthorised expenditure

Reconciliation of unauthorized expenditure
Opening balance
Unauthorised expenditure current year
Approved by Council or condoned
Transfer to receivables for recovery
Unauthorised expenditure awaiting authorisation

29.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure
Opening balance
Fruitless and wasteful expenditure current year
Condoned or written off by Council
Fruitless and wasteful expenditure awaiting condonement

GROUP 2011/12 R	2010/11 R
122 880	122 880
38 910 662	32 983 447
(38 890 906)	(32 983 447)
-	-
142 636	122 880

-	-
66 078 931	50 606 393
(65 983 216)	(50 606 393)
-	-
95 715	-

GROUP 2011/12 R	2010/11 R
-	593 360
82 757	380 807
-	258 744
-	225 700
86 996	-
84 544	364 957
-	143 415
82 582 643	60 495 203
82 836 940	62 462 186

GROUP 2011/12 R	2010/11 R
(85 364)	206 439
-	601
(85 364)	207 040
28%	28%

(202 335)	83 626
(85 364)	(206 439)
-	(127 045)
-	5 396
-	13 460
-	-
-	(601)
193 716	29 268
(93 983)	(202 335)

GROUP 2011/12 R	2010/11 R
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

GROUP 2011/12 R	2010/11 R
1 897 062	967 795
351 800	929 267
(1 497 469)	-
751 393	1 897 062

During August 2011 interest of R43 963.06 was incurred on Telkom accounts. This was as a result of a dispute logged with Telkom regarding previously charged interest and reconnection fees. The dispute was never resolved, yet Telkom continued accumulating interest on the amount in dispute. This matter is currently under investigation.

An amount of R19.58 for interest on late payment of Cape Joint Fund was incurred during May 2012. The matter is currently under investigation.

On the 5 July 2011 the air tickets to Johannesburg for a Councillor to attend a MINMEC were cancelled. As the tickets were already issued, a cancellation fee of R798.00 was charged by the travel agent. The matter has been written off by Council.

During February 2012, interest of R82.52 were incurred as a result of late payment to the Cape Retirement fund. The late payment was as a result of an employee being on unpaid maternity leave and her not being that she was to pay for this amount out of her own pocket. The matter is still to be investigated.

Penalties of R20.00 were incurred during February 2012 as a result of the Private Bag address not being renewed on time. This matter is still to be investigated.

Interest of R2 850.00 was incurred during February 2012 due to late payment of the SABC TV licences and DSTV subscriptions. This matter is still to be investigated.

During August 2010, interest of R55 460.79 was incurred on the rental of the Telkom VPN lines due to late payment. The late payments were due to the billing cycles of the supplier. The matter was investigated by the MPAC and the Council resolved to write off the amount.

During the 2010/11 financial year, the municipality incurred costs of R129 950.96 to hire vehicles for the provision of water services due to the non-delivery of vehicles purchased from service providers appointed by the municipality. These hire costs were deemed to be fruitless and wasteful expenditure. The matter was investigated and a legal opinion was obtained. Council have resolved to treat this expenditure as normal expenditure.

During the 2010/11 financial year, rental of R71 186.56 was incurred for the months of December 2010 and January 2011 for office accommodation in the Metropolitan Building for the Supply Chain Management Unit. The unit however only occupied the premises from February 2011. The ADM investigated the matter and Council resolved to write the matter off.

Rental for the months of December 2010, January 2011 and February 2011 amounting to R117 108.42 was incurred for the premises to be occupied by the Municipal Support Unit. The premises were only occupied during March 2011 due to renovations that took longer than anticipated. The ADM investigated the matter and the Council resolved to write the matter off.

During June 2011, interest of R714.29 was incurred on late payment to Telkom. The ADM has investigated the matter. Awaiting Council resolution for the condonation of this matter on 31 August 2012.

During the 2009/10 financial year, rental costs of R91 835.20, R88 803.16 and R184 207.11 were incurred for the 9th, 14th and ground floors respectively at Caxton House. The matter is awaiting Council approval.

During November 2009, a claim of R562 513.66 was submitted to the ADM for interest incurred on the Ngqushwa Ward 6, 7 & 13 Sanitation project that was originally commenced under the Department of Water Affairs and subsequently transferred to the ADM upon assuming the function of a Water Services Authority. Works were suspended due to budget constraints and non-payment of claims. It was agreed to avoid the contractor withdrawing from the site, and thereby delaying service delivery and incurring further costs, to make the payment. The ADM investigated the matter and the Council resolved that it be written off.

A payment of R34 830.68 was made to a contractor for interest incurred on the construction of the Macleantown sport field and ablution facilities. The interest was to be paid per the ruling of the Mediator. The ADM is to investigate the matter and recover any costs if necessary.

The 2012 amount pertaining to the agency, relates to interest and penalties of R257 872 as a result of April 2008 and February 2009 VAT period audit that was conducted by SARS during the current year while R46 195 relates to interest and penalties incurred in the 2012 financial year.

The 2011 amounts relate to interest and penalties incurred due to disputes with SARS regarding the VAT application pertaining to revenue received. Included in the amount of R530 243 is an amount of R330 901 that has been raised as a penalty. The fruitless and wasteful expenditure of R560 451 was condoned by the Board.

MUNICIPALITY	
2011/12	2010/11
R	R
17 344 286	16 798 048
-	546 238
(16 798 048)	-
<u>546 238</u>	<u>17 344 286</u>

29.3 Irregular expenditure
Reconciliation of irregular expenditure
Opening balance
Irregular expenditure current year
Condoned or written off by Council
Irregular expenditure awaiting condonement

During the 2010/11 financial year, breaches on contracts to the value of R546 238 were found. These are being investigated.

During the 2009/10 financial year, deviations on contracts to the value of R16 798 048 were found. These alleged deviations were investigated and it was found that the proper procedures were in fact followed for the approval of these procurements as these items were submitted to the Bid Adjudication Committee for approval. These were mainly extensions of contracts, limited bidding processes and variation orders. The Council resolved to condone the expenditure.

MUNICIPALITY	
2011/12	2010/11
R	R
28 480 073	28 406 452
9 466 597	11 734 987
<u>37 946 670</u>	<u>40 141 439</u>

30. INTEREST EARNED - EXTERNAL INVESTMENTS

Unlisted financial assets held to maturity
Cash and cash equivalents
Total interest

GROUP	
2011/12	2010/11
R	R
17 344 286	16 798 048
-	546 238
(16 798 048)	-
<u>546 238</u>	<u>17 344 286</u>

GROUP	
2011/12	2010/11
R	R
29 304 518	29 034 419
9 673 974	11 955 189
<u>38 978 492</u>	<u>40 989 608</u>

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MUNICIPALITY		
2011/12	2010/11	
R	R	
27 186 639	22 838 226	
312	943	
27 186 952	22 839 169	

MUNICIPALITY		
2011/12	2010/11	
R	R	
106 663 740	91 900 931	
106 663 740	91 900 931	

MUNICIPALITY		
2011/12	2010/11	
R	R	
114 991	194 142	
114 991	194 142	

MUNICIPALITY		
2011/12	2010/11	
R	R	
217 381 220	195 573 455	
(996 830)	(321 175)	
88 673 610	76 608 463	
-	-	
4 393 962	8 947 290	
1 044 604	91 900 930	
106 663 740	91 900 930	
28 583 516	6 486 862	
445 743 822	379 195 825	
(2 122 507)	(2 701 185)	
(145 862 876)	(94 668 852)	
48 837 396	(6 486 679)	
46 058 105	20 051 039	
(3 223 808)	(7 031 413)	
19 350 923	(22 127 297)	
408 781 053	266 231 440	

MUNICIPALITY		
2011/12	2010/11	
R	R	
-	1 823 109	
-	1 403 727	
18 076 288	60 410 000	
-	726 394	
18 076 288	64 363 230	

MUNICIPALITY		
2011/12	2010/11	
R	R	
418 761 473	352 859 290	
397 062 599	338 771 276	
11 485 554	5 503 046	
10 213 320	8 584 968	
418 761 473	352 859 290	

354 927 031	306 062 696
63 834 442	46 796 592

31. INTEREST EARNED - OUTSTANDING RECEIVABLES

Water and sanitation
Loans receivable

32. BAD DEBTS

Bad debts consists of the following:
Contribution to doubtful debts

During the current financial year, the municipality wrote off R270 944 531 debt that was deemed irrecoverable. The write off was subject to Council approval. This amount was debited directly against the provision for doubtful debts.

33. FINANCE COSTS

Finance leases
SARS
Total finance costs

34. CASH GENERATED FROM OPERATIONS

Surplus for the year
Adjustments for non-cash flow items:
Disposal of property, plant and equipment
Depreciation and amortisation
Taxation paid
Contributions to provisions - non current
Contributions to provisions - current
Contribution to doubtful debt provision
Contribution to defined benefit obligation
Operating surplus before working capital changes
Increase in inventories
Increase in trade and other debtors
(Decrease)/increase in conditional grants and receipts
Increase in trade and other payables
Provisions paid
Decrease/(increase) in VAT receivable
Cash generated from operations

35. MATERIAL LOSSES

Housing inventory
Revenue
Water distribution losses
Property, plant and equipment

Water distribution losses

The amount recorded as distribution losses emanates from the provision of water to free basic services beneficiaries through communal standpipes and also network/distribution losses due to burst pipes and other leakages.

36. COMMITMENTS

36.1. Commitments in respect of capital expenditure

- Approved and contracted for

Infrastructure
Community
Other- Land and buildings

Total commitments

This expenditure will be financed from:
- Government Grants
- Own resources

GROUP		
2011/12	2010/11	
R	R	
27 186 639	22 838 226	
312	943	
27 186 951	22 839 169	

GROUP		
2011/12	2010/11	
R	R	
106 663 740	91 900 931	
106 663 740	91 900 931	

GROUP		
2011/12	2010/11	
R	R	
114 991	194 142	
304 067	530 408	
419 058	724 550	

GROUP		
2011/12	2010/11	
R	R	
216 195 565	198 296 513	
(1 032 846)	(319 127)	
88 856 232	76 713 247	
(193 716)	-	
4 393 962	9 020 581	
1 044 604	91 900 931	
106 663 740	91 900 931	
28 583 516	6 486 862	
444 511 057	382 099 007	
(2 122 507)	(2 701 186)	
(144 118 565)	(94 924 609)	
63 386 138	3 884 376	
46 258 198	19 640 519	
(3 243 189)	(7 031 413)	
19 350 923	(21 127 919)	
424 022 054	279 838 776	

GROUP		
2011/12	2010/11	
R	R	
-	1 823 109	
-	1 403 727	
18 076 288	60 410 000	
-	726 394	
18 076 288	64 363 230	

GROUP		
2011/12	2010/11	
R	R	
470 354 566	408 051 735	
397 062 599	338 771 276	
63 078 647	60 695 491	
10 213 320	8 584 968	
470 354 566	408 051 735	

406 520 124	361 255 141
63 834 442	46 796 592

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<u>418 761 473</u>	<u>352 859 288</u>

11 572 680	6 022 521
4 628 489	4 344 677
-	-
<u>16 201 169</u>	<u>10 367 198</u>

MUNICIPALITY	
2011/12	2010/11
R	R
45 248	73 839
267 165	155 670
134 007	167 231
<u>446 420</u>	<u>396 740</u>

MUNICIPALITY	
2011/12	2010/11
R	R
588 308	588 308
3 310 894	-
<u>3 899 202</u>	<u>588 308</u>

MUNICIPALITY	
2011/12	2010/11
R	R

The comparative figure for capital commitments has been restated refer note 39.2.

36.2 Operating leases

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - as lessee (expense)

Minimum lease payments due

-within one year
-in second to fifth year inclusive
-later than five years

Operating lease payments represent rentals payable for rental of certain office properties and office equipment. Leases are negotiated for an average term of 3 years and rentals escalate on average at 10% p.a. No contingent rent is payable.

Operating leases – as lessor (income)

Minimum lease payments due

-within one year
-in second to fifth year inclusive
-later than five years

Operating lease payments represent rentals receivable by the Municipality for certain of its properties situated in Stutterheim, Komga, Cathcart, Adelaide and Macleantown. No contingent rent is payable.

Leases are negotiated for an average of 5 years and rentals escalate by an average of 12% annually.

37. CONTINGENT LIABILITIES AND ASSETS

37.1 CONTINGENT LIABILITIES

The following contingent liabilities have been disclosed and not recognised:

37.1.1 Legal claims

Two legal claims submitted to the legal department of the municipality are in the process of being resolved. The estimated liability of such claims, should the claimant be successful is disclosed.

Legal disputes relate to:

Claims for damages
Compensation for work performed by a contractor

37.1.2 Cape Joint Pension Fund

In terms of Rule 17(5) of the fund's rules pertaining to the Defined Benefit Section (Part A of the Rules), local authorities associated with the Fund are under an obligation to contribute pro rata to the Fund

37.1.3 TASK Grade

The job evaluation committee has received applications from employees to have their jobs re-graded and are in the process of re-grading. However, the amount and timing is uncertain as the re-grading is subject to an audit. The final outcome is dependant on the findings of the audit. Job Evaluation Unit has calculated a rough estimate of R2 250 000. The new SALGA Job Evaluation Policy specifies that all results must be audited by Provincial Audit Committees (PACs). These Committees are in the process of being formulated by SALGA. The job evaluation results from the ADM Grading Committee will be submitted to the PAC once it has been finally constituted. At this stage there is no indication for the timeline for this process.

37.1.4 Application of TASK Grade Wage Curve

Subsequent to the publication of the Categorization and Pay Curve Collective Agreement of 2010, the labour components issued a dispute regarding the actual pay curve. This was related to potentially increasing the pay curve as published by a figure of 8.48%. The dispute was heard by a Labour Court Judge and on 22 July 2012 a court order was issued which increased the original pay curve as mentioned above by the figure of 8.48%. SALGA, subsequent to this date, appealed this court order and the matter still has to be heard by the relevant judiciary officials. Potentially should SALGA not succeed and the court order be implemented it will have significant financial repercussions for all employees at ADM, with the exception of Section 57 Managers, potentially all affected employees will receive back pay for a period of at least 24 months from July 2010 to the date of the implementation of the court order, as well as a further 9 months which was included as a back pay clause in the above mentioned Collective Agreement. It is difficult to estimate what the final value of this would be, but will likely be in the excess of R15 million. Therefore ADM needs to allow for a contingent liability until the matter is finally resolved.

<u>470 354 566</u>	<u>408 051 733</u>
--------------------	--------------------

12 244 773	6 533 648
4 854 710	4 533 416
-	-
<u>17 099 483</u>	<u>11 067 065</u>

GROUP	
2011/12	2010/11
R	R
45 248	73 839
267 165	155 670
134 007	167 231
<u>446 420</u>	<u>396 740</u>

GROUP	
2011/12	2010/11
R	R
588 308	588 308
3 310 894	-
<u>3 899 202</u>	<u>588 308</u>

GROUP	
2011/12	2010/11
R	R

500 595	500 595
51 619	51 619
1 198 370	-
1 750 584	552 214

MUNICIPALITY	
2011/12	2010/11
R	R

-	(503 630)
---	-----------

11 500 000	10 000 000
------------	------------

71 450 000	42 405 413
------------	------------

-	1 315 789
---	-----------

MUNICIPALITY	
2011/12	2010/11

(5 077 297)
(6 010 983)
12823716
(1 735 436)
5 077 297

MUNICIPALITY	
2011/12	2010/11

(130 864 914)
(2 186 341)
(1 429 863)
(134 481 118)

37.2 CONTINGENT ASSET

The following contingent asset has been disclosed and not recognised as the outcome is dependent on a legal ruling:

Non-performance on a contract
Contractual dispute
Breach of contract

500 595	500 595
51 619	51 619
1 198 370	-
1 750 584	552 214

GROUP	
2011/12	2010/11
R	R

-	-
---	---

-	-
---	---

-	-
---	---

-	-
---	---

GROUP	
2011/12	2010/11

(5 077 297)
(6 010 983)
12823716
(1 735 436)
5 077 297

38. RELATED PARTIES

Relationships

Subsidiary / Municipal entity

Refer to Note 4.1

Related party balances

Owing by (to) Amathole Economic Development Agency (Proprietary) Limited t/a ASPIRE

Related Party Transactions

Funding provided to Amathole Economic Development Agency for the operations of the agency

The account operates on a current account basis, i.e. the Agency's service providers are paid by the municipality on the Agency's behalf. No financial benefit accrues to the Agency or the municipality.

Funds transferred to AEDA for implementation of NDPG project

Funds transferred to AEDA for implementation of Essential Oils Project

No financial benefit accrues to the Agency or the municipality

39. PRIOR YEAR ADJUSTMENTS

39.1. Correction of Error

The comparative amounts have been restated as follows:

Errors affecting accumulated surplus 2010/11
Increasing accumulated surplus
Effect on the Statement of Financial Performance
Increase in service charges
Effect on the Statement of Financial Position
Increase in consumer debtors
Decrease in VAT receivable

39.1.1 Revenue - service charges

On 1 July 2006 the municipality assumed responsibility for the provision of water and sanitation services as required by Government Notice 849 issued in terms of section 84(3)(a) of the Municipal Structures Act, 1998 (Act No. 117 of 1998). The municipality embarked on a data cleansing exercise to cleanse the debtor databases that were taken on from the local municipalities. During the data cleansing exercise it was found that consumer accounts taken over from the local municipalities were incorrect. Hence revenue was misstated.

In addition the municipality was uncertain as to the ownership of vacant stands on the debtors database, hence these were not billed. During the current year, the ownership was investigated and confirmed through the use of the Deeds Office, valuation rolls the service coverage survey. These accounts are now being billed. During the period of Indigent Write offs and correction of sundry consumers a VAT tariff was incorrectly applied. It was found that Indigent subsidies and Indigent tariffs were incorrectly applied for certain indigent consumers during the prior financial year.

The error was corrected in the current financial year and was adjusted for retrospectively.

Net increase in accumulated surplus

39.2 Restatement of comparative figures

The comparative figure for capital commitments was restated due to errors identified in the contract amounts and related expenditure recorded in the register. This restatement only impacts disclosure and thus has no effect on the Statement of Financial Position or Statement of Financial Performance.

The figures have been restated as follows:

Decrease in Infrastructure
Decrease in Community
Decrease in Other

GROUP	
2011/12	2010/11

(130 864 914)
(2 186 341)
(1 429 863)
(134 481 118)

40. FINANCIAL INSTRUMENTS

Categories of financial instruments

2012 Financial Year - MUNICIPALITY

	Loans and receivables	Financial liabilities at amortised cost	Held to Maturity Investments	Investments at cost	Total
	R	R	R	R	R
Non Current Assets					
Investment in Subsidiary				1 000	1 000
Long term receivables	701 238				701 238
Current Assets					
Consumer debtors	102 443 054				102 443 054
Other receivables	4 422 761				4 422 761
VAT	21 864 848				21 864 848
Investments			471 109 428		471 109 428
Cash and cash equivalents	346 293 276				346 293 276
Short term portion of long term debt	6 893				6 893
Non Current Liabilities					
Finance lease liability		298 561			298 561
Operating lease liability		471 582			471 582
Current liabilities					
Trade and other payables		174 441 257			174 441 257
Provisions		1 044 604			1 044 604
Short term portion of finance lease liability		471 709			471 709
Consumer deposits		1 772 978			1 772 978
Unspent conditional grants		169 834 335			169 834 335

2011 Financial Year - MUNICIPALITY

	Loans and receivables	Financial liabilities at amortised cost	Held to Maturity Investments	Investments at cost	Total
	R	R	R	R	R
Non Current Assets					
Investment in Subsidiary				1 000	1 000
Long term receivables	661 900				661 900
Current Assets					
Consumer debtors	63 593 498				63 593 498
Other receivables	4 073 181				4 073 181
VAT	41 215 771				41 215 771
Investments			466 189 906		466 189 906
Cash and cash equivalents	291 721 116				291 721 116
Short term portion of long term debt	6 625				6 625
Non Current Liabilities					
Finance lease liability		537 614			537 614
Operating lease liability		281 579			281 579
Current liabilities					
Trade and other payables		128 573 153			128 573 153
Provisions		3 223 809			3 223 809
Short term portion of finance lease liability		503 553			503 553
Consumer deposits		1 599 907			1 599 907
Unspent conditional grants		120 996 939			120 996 939

2012 Financial Year - GROUP

	Loans and receivables	Financial liabilities at amortised cost	Held to Maturity Investments	Investments at cost	Designated as at fair value through profit or loss	Total
	R	R	R	R	R	R
Non Current Assets						
Investment in Subsidiary				-		-
Long term receivables	701 238					701 238
Current Assets						
Consumer debtors	102 443 054					102 443 054
Other receivables	4 635 391					4 635 391
VAT	21 864 848					21 864 848
Investments			471 109 428			471 109 428
Cash and cash equivalents	372 133 412				12 477 373	384 610 785
Short term portion of long term debt	6 893					6 893
Non Current Liabilities						
Finance lease liability		298 561				298 561
Operating lease liability		525 173				525 173
Current liabilities						
Trade and other payables		174 995 473				174 995 473
Provisions		1 354 432				1 354 432
Short term portion of finance lease liability		471 709				471 709
Consumer deposits		1 772 978				1 772 978
Unspent conditional grants		202 743 343				202 743 343

2011 Financial Year - GROUP

	Loans and receivables	Financial liabilities at amortised cost	Held to Maturity Investments	Investments at cost	Designated as at fair value through profit or loss	Total
	R	R	R	R	R	R
Non Current Assets						
Long term receivables	661 900					661 900
Investment in Subsidiary				-		-
Current Assets						
Consumer debtors	63 593 498					63 593 498
Other receivables	6 030 122					6 030 122
VAT	41 215 771					41 215 771
Investments			466 189 906			466 189 906
Cash and cash equivalents	306 306 024				8 608 263	314 914 287
Short term portion of long term debt	6 625					6 625
Non Current Liabilities						
Finance lease liability		537 614				537 614
Operating lease liability		314 916				314 916
Current liabilities						
Trade and other payables		128 816 083				128 816 083
Provisions		3 553 018				3 553 018
Short term portion		503 553				503 553
Consumer deposits		1 599 907				1 599 907
Unspent conditional grants		139 357 205				139 357 205

41. RISK MANAGEMENT

Exposure to interest rate, credit risk and liquidity risks arise in the normal course of the municipality's operations. The Accounting Officer has overall responsibility for the establishment and oversight of the Municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the municipality's activities.

This note presents information regarding the municipality's exposure to credit risk, market risk and liquidity risk. Further quantitative disclosures are included throughout these financial statements.

41.1. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has adopted a policy of only dealing with creditworthy parties. The municipality only transacts with entities that have an appropriate credit rating. This information is supplied by independent rating agencies where available, if not available, the entity uses other publicly available financial information and its own trading records to rate its major customers. The municipality's exposure and the credit ratings of its customers are continuously monitored.

Financial assets, that potentially subject the municipality to credit risk, consist principally of cash and cash equivalents, short-term deposits, loans and receivables, investments and trade and other receivables. Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Credit exposure is controlled by the application of the municipality's credit control and debt collection policies. Adequate provision has been made for anticipated doubtful debts.

To manage credit risk in borrowing and investing, the municipality's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions and by spreading its exposure over a range of such institutions in accordance with its investment policies. The municipal entity determines concentrations of credit risk by reference to major counter-parties. Counter-parties comprise large South African banks with high quality credit ratings.

Maximum exposure to credit risk

The carrying amount of financial assets, represent the entity's maximum exposure to credit risk in relation to these assets. The municipality's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions.

There has been no significant change during the financial year, or since the end of the financial year, to the municipality's exposure to credit risk, the approach of measurement or the objectives, policies and processes for managing this risk.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking into account the value of any collateral obtained:

R	R
199 178 031	145 394 090
147 106 245	145 810 057
-	-
471 109 428	466 189 906
102 443 054	63 593 498
4 422 761	4 073 181
701 238	661 900
924 960 753	825 722 633
130 000	130 000
130 000	130 000

ABSA Bank Limited
Standard Bank Limited
ABSA Bank Limited
Investments
Trade receivables
Other receivables
Long term receivables

R	R
209 392 827	154 820 696
147 106 245	145 810 057
28 100 843	11 355 299
471 109 428	466 189 906
102 443 054	63 593 498
4 635 391	6 030 122
701 238	661 900
963 489 025	848 461 478
130 000	130 000
130 000	130 000

The municipality is exposed to the following guarantees:

Guarantees in lieu of Eskom and the Post office

Credit quality

The following represents information on the credit quality of trade receivables that are neither past due nor impaired:

	2012	2011	
A	22%	8%	Government Accounts
B	12%	6%	Businesses
C	66%	87%	Domestic and other

Analysis of table:

A - The debtors are of good credit quality and no default in payment is expected.

B - The debtors are usual good payers, but there is a possibility that the debtor may not be able to pay on time

C - These debtors usually pay, but have previously paid late and therefore there is a possibility that these debtors will not be recoverable.

Age analysis of financial assets that are past due but not impaired:

	1 - 30 days past due	31 - 60 days past due	61 - 90 days past due	91 - 120 days past due	120 plus days past due	Total
2012	R	R	R	R	R	R
Trade receivables	39 350 755	10 151 222	5 465 357	2 445 827	18 860 287	76 273 448
2011						
Trade receivables	21 417 310	7 119 725	3 530 146	1 624 305	29 902 013	63 593 498

Impaired financial assets

Refer to trade receivables note for an analysis of the impaired receivables.

41.2 Market risk management

The municipality's activities expose it primarily to the risks of fluctuations in interest rate.

Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Market risk exposures are measured using sensitivity analysis. A sensitivity analysis shows how surplus and/or net assets would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date.

41.2.1 Interest rate risk management

At year end financial assets exposed to interest rate risk were as follows:

Balances with banks, deposits and all call and current accounts attract interest at rates that vary with South African prime rate. The municipality's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus / deficit.

Investments at fixed interest rates.

Trade debtors in arrears are linked to South African prime rate plus two percent.

Loans granted are linked to a fixed rate of interest.

Surplus funds are invested with banks for fixed terms on fixed interest rates not exceeding one year. For details refer Note 4.

At year end, financial liabilities exposed to interest rate risk were as follows:

Finance leases linked to South African prime rate.

Management manages interest rate risk by negotiating beneficial rates on floating rate loans.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting date.

For floating rate instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year.

The basis points increases or decreases, as detailed in the table below, were determined by management and represent management's assessment of the reasonably possible change in interest rates.

A positive number below indicates an increase in surplus. A negative number below indicates a decrease in surplus.

The sensitivity analysis shows reasonable expected change in the interest rate, either an increase or decrease in the interest percentage. The equal but opposite % adjustment to the interest rate would result in an equal but opposite effect on surplus and therefore has not been separately disclosed below. The disclosure only indicates the effect of the change in interest rate on surplus.

There were no changes in the methods and assumptions used in preparing the sensitivity analysis for one year to the next.

MUNICIPALITY

	2012	2011
The estimated increase rates		
The estimated increase in basis points	200	200
Effect on Net Surplus	1 300 373	1 255 729

GROUP

	2012	2011
The estimated increase rates		
The estimated increase in basis points	200	200
Effect on Net Surplus	1 323 309	1 276 576

Foreign exchange risk

The group has no material exposure to foreign exchange risk.

42. Liquidity risk management

Liquidity risk is the risk that the municipality will not be able to meet its financial obligations as they fall due. The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts and budgets are prepared and adequate utilised borrowing facilities are monitored.

There has been no significant change during the financial year, or since the end of the financial year, to the municipality's exposure to liquidity risk, the approach of measurement or the objectives, policies and processes for managing this risk.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows of financial liabilities.

2012 - MUNICIPALITY	1-3 months	4-6 months	7-9 months	10-12 months	Later than 12 months	Total
	R	R	R	R	R	R
Trade and other payables	101 358 210	-	55 322 997	17 760 050	-	174 441 257
Other	-	-	-	1 044 604	13 167 468	14 212 072

2011 - MUNICIPALITY	1-3 months	4-6 months	7-9 months	10-12 months	Later than 12 months	Total
	R	R	R	R	R	R
Trade and other payables	55 440 192	-	58 665 881	14 467 081	-	128 573 153
Other	2 318 355	-	-	905 453	8 773 507	11 997 315

2012 - GROUP	1-3 months	4-6 months	7-9 months	10-12 months	Later than 12 months	Total
	R	R	R	R	R	R
Trade and other payables	101 358 210	-	55 348 015	18 289 248	-	174 995 473
Other	-	-	-	1 354 432	13 167 468	14 521 900

2011 - GROUP	1-3 months	4-6 months	7-9 months	10-12 months	Later than 12 months	Total
	R	R	R	R	R	R
Trade and other payables	54 936 562	-	59 189 089	14 690 432	-	128 816 083
Other	2 318 355	-	-	1 234 662	8 773 507	12 326 524

2012	0-1 year	1 - 2 years	2 - 5 years	5 years and later	Total
	R	R	R	R	R
Finance lease liability	520 934	313 471	-	-	834 405

2011	0-1 year	1 - 2 years	2 - 5 years	5 years and later	Total
	R	R	R	R	R
Finance lease liability	578 020	573 869	-	-	1 151 889

43. SUPPLY CHAIN MANAGEMENT POLICY

The Municipal Manager has the power to authorise deviations from the normal Procurement Process. Contracts awarded in terms of deviations from and ratification of minor breaches of procurement processes of the Supply Chain Management policy amounted to R233 519 253.

SUMMARY OF SUPPLY CHAIN MANAGEMENT DEVIATIONS RATIFIED

TYPE	AMOUNT
Emergency Procurement	17 473 193
Sole Service Providers	243 619
Other exceptional cases	215 802 441
TOTAL	233 519 253

44. NON-COMPLIANCE WITH THE MUNICIPAL FINANCE MANAGEMENT ACT

44.1 NON-COMPLIANCE WITH SECTION 71(1) AND 54(1)(a) OF THE MUNICIPAL FINANCE MANAGEMENT ACT

The monthly budget statements were submitted to the Mayor, National and Provincial Treasury. However the reports were not submitted within 10 working days after month end.

45. EVENTS AFTER THE REPORTING DATE

No significant events after the reporting date.

46. COMPARISON WITH THE BUDGET

The group is to provide information as whether its resources were obtained and used in accordance with the adopted budget.

The municipal budget was approved by Council on 29 April 2011. The entity's budget was approved by the Board of Directors on 18 April 2011 and submitted to the parent municipality on 7 May 2011.

A comparison of the budget and actual amounts is as follows:

46.1. Statement of comparative and actual information

MUNICIPALITY	2011/12							Actual outcome as % of fins	
Description	Original budget	Budget Adjustments	Virements	Final budget	Actual outcome	Unauthorised expenditure	Variance	%	%
R	R	R	R	R	R	R	R		
Financial Performance									
Service charges	127 751 517	-	-	127 751 517	172 646 918	-	44 895 401	135	135
Investment income	20 000 000	-	-	20 000 000	37 946 670	-	17 946 670	190	190
Transfers recognised - operational	921 419 753	(1 123 000)	-	920 296 753	871 357 500	-	(48 939 253)	95	95
Other own revenue	235 671 342	182 470 715	-	418 142 057	75 981 945	-	(342 160 112)	18	32
Total revenue	1 304 842 612	181 347 715	-	1 486 190 327	1 157 933 033	-	(328 257 294)	78	89
Employee costs	328 057 274	-	1 713 155	329 770 429	312 630 431	-	(17 139 998)	95	95
Remuneration councillors	13 080 449	-	(1 865 397)	11 215 052	10 538 434	-	(676 618)	94	81
Debt impairment	71 760 328	-	37 981 384	109 741 712	106 663 740	-	(3 077 972)	97	149
Depreciation & asset impairment	84 285 248	-	5 188 041	89 473 289	88 673 610	-	(799 679)	99	105
Finance charges	118 062	-	38 401	156 463	114 991	-	(41 472)	73	0
Materials and bulk purchases	60 480 924	-	(11 766 445)	48 714 479	45 859 269	-	(2 855 210)	94	76
Transfers and grants	-	1 564 560	-	1 564 560	254 297	-	(1 310 263)	0	0
Other expenditure	330 924 843	179 783 155	(24 168 787)	486 539 211	376 813 869	-	(109 725 342)	77	114
Total expenditure	888 707 128	181 347 715	7 120 352	1 077 175 195	941 548 642	-	(135 626 553)	87	106
Surplus	416 135 484	-	(7 120 352)	409 015 132	216 384 391	-	(192 630 741)	53	52
Transfers recognised capital	-	-	-	-	996 830	-	996 830	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
Surplus after capital transfers & contributions	416 135 484	-	(7 120 352)	409 015 132	217 381 221	-	(191 633 911)	53	52
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus for the year	416 135 484	-	(7 120 352)	409 015 132	217 381 221	-	(191 633 911)	53	52
Capital expenditure & funds sources									
Capital expenditure									
Transfers recognised capital	362 027 193	-	-	362 027 193	377 911 637	-	15 884 444	104	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	54 108 295	-	(7 120 352)	46 987 943	54 108 295	-	7 120 352	115	100
Total sources of capital funds	416 135 488	-	(7 120 352)	409 015 136	432 019 932	-	23 004 796	220	100
Cash flows									
Net cash from/(used) operating	-	-	-	-	408 781 053	-	-	-	-
Net cash from/(used) investing	-	-	-	-	(354 111 068)	-	-	-	-
Net cash from/(used) financing	-	-	-	-	(97 825)	-	-	-	-
Cash/cash equivalents at the beginning of the year					291 721 116				
Cash/cash equivalents at the end of the year					346 293 276				

The comparison of the Municipality's actual financial performance with that budgeted with variance explanations are set out in Annexures E(1) and E(2)

GROUP	2011/12								
Description	Original budget	Budget Adjustments	Virements	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final	Actual outcome as % of
R	R	R	R	R	R	R	R	%	%
Financial Performance									
Service charges	127 751 517	-	-	127 751 517	172 646 918	-	44 895 401	135	135
Investment income	20 874 416	-	-	20 874 416	38 978 492	-	18 104 076	187	187
Transfers recognised - operational	1 042 542 314	(1 123 000)	-	1 041 419 314	950 873 951	-	(90 545 363)	91	91
Other own revenue	236 251 594	182 470 715	-	418 722 309	76 497 233	-	(342 225 076)	18	32
	-	-	-	-	-	-	-		
Total revenue	1 427 419 841	181 347 715	-	1 608 767 556	1 238 996 594	-	(369 770 962)	77	87
Employee costs	335 637 199	-	1 713 155	337 350 354	320 203 563	-	(17 146 791)	95	95
Remuneration councillors	13 390 473	-	(1 865 397)	11 525 076	10 884 641	-	(640 435)	94	81
Debt impairment	71 760 328	-	37 981 384	109 741 712	106 663 740	-	(3 077 972)	97	149
Depreciation & asset impairment	84 454 248	-	5 188 041	89 642 289	76 713 247	-	(12 929 042)	86	91
Finance charges	118 062	-	38 401	156 463	419 058	-	262 595	268	0
Materials and bulk purchases	60 480 924	-	(11 766 445)	48 714 479	-	-	(48 714 479)	0	0
Transfers and grants	122 372 306	1 564 560	-	123 936 866	82 836 940	-	(41 099 926)	0	0
Other expenditure	323 509 415	179 783 155	(24 168 787)	479 123 783	413 969 700	-	(65 154 083)	86	128
	-	-	-	-	-	-	-		
Total expenditure	1 011 722 955	181 347 715	7 120 352	1 200 191 022	1 011 690 890	-	(188 500 132)	84	100
	-	-	-	-	-	-	-		
Surplus/(Deficit)	415 696 886	-	(7 120 352)	408 576 534	227 305 704	-	(181 270 830)	56	55
Transfers recognised capital	-	-	-	-	1 157 351	-	1 157 351	0	0
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	415 696 886	-	(7 120 352)	408 576 534	228 463 055	-	(180 113 479)	56	55
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	415 696 886	-	-7 120 352	408 576 534	228 463 055	-	(180 113 479)	56	55
	-	-	-	-	-	-	-	-	-
Capital expenditure & funds sources									
Capital expenditure									
Transfers recognised capital	362 027 193	-	-	362 027 193	-	-	(362 027 193)	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	53 942 693	-	(7 120 352)	46 822 341	53 942 693	-	7 120 352	115	100
	-	-	-	-	-	-	-	-	-
Total sources of capital funds	415 969 886	-	(7 120 352)	408 849 534	53 942 693	-	(354 906 841)	115	100
	-	-	-	-	-	-	-	-	-
Cash flows									
Net cash from/(used) operating					424 022 054	-			
Net cash from/(used) investing					(354 227 731)	-			
Net cash from/(used) financing					(97 826)	-			
	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the end of the year					69 696 498				

Management is of the opinion that expenditure is effectively managed and that current processes and controls ensure that budgeted expenditure are not exceeded.

The comparison of the Municipality's actual financial performance with that budgeted with variance explanations are set out in Annexures E(1) and E(2)

APPENDIX A
AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
SCHEDULE OF EXTERNAL LOANS
AS AT 30 JUNE 2012

EXTERNAL LOANS	Loan Number	Interest Rate	Final Redemption Date	Balance at 01/07/2009	Corrections	Balance at 01/07/2009 Restated	Received during the period	Redeemed written off during the period	Balance at 30/06/2010
LONG-TERM LOANS				R	R	R	R	R	R
DBSA Loan - Nkonkobe	8237	11%	2014/09/30	-	-	-	-	-	-
DBSA Loan - Great Kei	10876	15%	2019/06/30	-	-	-	-	-	-
DBSA Loan - Nxuba	11416	17%	2009/06/30	-	-	-	-	-	-
Loan - Amahlathi	100001	4%	2009/06/30	-	-	-	-	-	-
Loan - Amahlathi	100001	4%	2009/06/30	-	-	-	-	-	-
Loan - Amahlathi	100001	4%	2009/06/30	-	-	-	-	-	-
Loan - Amahlathi	100001	4%	2009/06/30	-	-	-	-	-	-
Total long-term loans				-	-	-	-	-	-
CURRENT PORTION									
DBSA Loan - Amahlathi [In arrears]	11641	11%	2007/06/30	-	-	-	-	-	-
DBSA Loan - Nxuba	11240	16%	2010/12/31	-	-	-	-	-	-
Total short term loans				-	-	-	-	-	-
TOTAL EXTERNAL LOANS				-	-	-	-	-	-

These loans were settled during the 2008/09 financial year.

APPENDIX B
AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
AS AT 30 JUNE 2012

Classification	Cost/Revaluation						Accumulated Depreciation						Carrying Value
	Opening Balance	Transfer In / (Out)	New Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Transfer In / (Out)	New Opening Balance	Additions	Disposals	Closing Balance	
INFRASTRUCTURE	2 783 807 575	-	2 783 807 575	318 989 316	-	3 102 796 891	(312 074 204)	-	(312 074 204)	(74 395 817)	-	(386 470 021)	2 716 326 870
Water													
Reservoirs & Tanks	306 113 947	-	306 113 947	-	-	306 113 947	(48 251 429)	-	(48 251 429)	(11 502 727)	-	(59 754 156)	246 359 791
Supply / Reticulation	1 143 274 720	-	1 143 274 720	308 965 524	-	1 452 240 244	(146 517 978)	-	(146 517 978)	(34 928 631)	-	(181 446 609)	1 270 793 635
Water - Other	377 492 185	-	377 492 185	72 465	-	377 564 650	(44 393 338)	-	(44 393 338)	(10 582 991)	-	(54 976 329)	322 588 321
Water Mains	173 461 762	-	173 461 762	-	-	173 461 762	(28 784 532)	-	(28 784 532)	(6 861 986)	-	(35 646 518)	137 815 245
Meters	39 444 078	-	39 444 078	9 951 327	-	49 395 404	(14 463 330)	-	(14 463 330)	(3 447 934)	-	(17 911 264)	31 484 141
Sanitation													
Purification works	166 186 820	-	166 186 820	-	-	166 186 820	(15 196 024)	-	(15 196 024)	(3 622 602)	-	(18 818 626)	147 368 194
Sewers	79 394 457	-	79 394 457	-	-	79 394 457	(14 467 574)	-	(14 467 574)	(3 448 946)	-	(17 916 520)	61 477 937
Infrastructure under Construction	498 439 606	-	498 439 606	-	-	498 439 606	-	-	-	-	-	-	498 439 606
COMMUNITY	18 675 703	-	18 675 703	2 445 000	-	21 120 703	(1 269 044)	-	(1 269 044)	(197 505)	-	(1 466 550)	19 654 153
Clinics & Hospitals	1 670 000	-	1 670 000	-	-	1 670 000	(316 186)	-	(316 186)	(49 209)	-	(365 395)	1 304 605
Fire Stations	2 100 000	-	2 100 000	-	-	2 100 000	(630 000)	-	(630 000)	(98 049)	-	(728 049)	1 371 951
Security System	47 594	-	47 594	-	-	47 594	(42 858)	-	(42 858)	(6 670)	-	(49 528)	(1 934)
Museum & Art Galleries	262 000	-	262 000	-	-	262 000	-	-	-	-	-	-	262 000
Civic Buildings	1 680 000	-	1 680 000	-	-	1 680 000	(280 000)	-	(280 000)	(43 577)	-	(323 578)	1 356 422
Under Construction	12 916 109	-	12 916 109	2 445 000	-	15 361 109	-	-	-	-	-	-	15 361 109
INVESTMENT PROPERTIES													
OTHER	108 526 888	-	108 526 888	29 234 530	2 053 238	135 708 180	(46 880 532)	-	(46 880 532)	(14 063 048)	(1 532 568)	(59 411 012)	76 297 168
LAND AND BUILDINGS	18 723 665	-	18 723 665	83 253	-	18 806 918	(2 888 495)	-	(2 888 495)	(17 106)	-	(2 905 602)	15 901 316
Land	4 570 961	-	4 570 961	-	-	4 570 961	-	-	-	-	-	-	4 570 961
Buildings	14 152 704	-	14 152 704	83 253	-	14 235 957	(2 888 495)	-	(2 888 495)	(17 106)	-	(2 905 602)	11 330 355
Office Equipment	14 839 719	-	14 839 719	7 551 956	1 054 352	21 337 323	(10 968 594)	-	(10 968 594)	(6 793 124)	(1 045 493)	(16 716 225)	4 621 098
Air Conditioners	85 276	-	85 276	200 186	-	285 462	(47 470)	-	(47 470)	(117 319)	-	(164 789)	120 673
Computer Hardware	9 578 595	-	9 578 595	2 576 717	-	12 155 312	(6 917 997)	-	(6 917 997)	(3 284 987)	-	(10 202 984)	1 952 328
Operating Software	1 109 708	-	1 109 708	-	-	1 109 708	(1 111 479)	-	(1 111 479)	-	-	(1 111 479)	(1 771)
Other Office Equipment	2 204 170	-	2 204 170	4 487 811	1 054 352	5 637 629	(1 638 918)	-	(1 638 918)	(2 726 811)	(1 045 493)	(3 320 236)	2 317 393
Office Machines	1 861 969	-	1 861 969	287 242	-	2 149 211	(1 252 729)	-	(1 252 729)	(664 007)	-	(1 916 736)	232 475
Furniture and Fittings	3 458 108	-	3 458 108	1 592 597	85 185	4 965 520	(2 693 476)	-	(2 693 476)	(1 117 416)	(81 241)	(3 729 650)	1 235 869
Tables and Desks	1 028 720	-	1 028 720	384 809	-	1 413 529	(722 175)	-	(722 175)	(262 732)	-	(984 908)	428 621
Chairs	669 645	-	669 645	399 226	-	1 068 871	(587 384)	-	(587 384)	(321 314)	-	(908 697)	160 174
Furniture and Fittings : Other	1 758 581	-	1 758 581	613 018	85 185	2 286 414	(1 382 755)	-	(1 382 755)	(376 374)	(81 241)	(1 677 887)	608 527
Bin & Containers	1 162	-	1 162	195 544	-	196 705	(1 162)	-	(1 162)	(156 996)	-	(158 158)	38 547
Plant and Equipment	10 446 312	-	10 446 312	478 712	-	10 925 024	(6 583 674)	-	(6 583 674)	(768 955)	-	(7 352 628)	3 572 396
Compressors	1 240	-	1 240	-	-	1 240	(579)	-	(579)	-	-	(579)	661
Medical Equipment	20 212	-	20 212	-	-	20 212	(18 368)	-	(18 368)	-	-	(18 368)	1 843
Fire Equipment	168 863	-	168 863	-	-	168 863	(63 451)	-	(63 451)	-	-	(63 451)	105 412
Fire Arms	1 775	-	1 775	-	-	1 775	(1 775)	-	(1 775)	-	-	(1 775)	-
Laboratory Equipment	24 240	-	24 240	14000	-	38 240	(21 906)	-	(21 906)	-	-	(21 906)	16 334
Lawnmowers	74 546	-	74 546	171 102	-	245 648	(39 263)	-	(39 263)	(192 923)	-	(232 186)	13 462
Plant & Equipment : General	906 564	-	906 564	117610	-	1 024 174	(352 134)	-	(352 134)	(144 870)	-	(497 004)	527 170
Tractors and Trailers	9 226 430	-	9 226 430	176 000	-	9 402 430	(6 066 836)	-	(6 066 836)	(431 162)	-	(6 497 998)	2 904 432
Radio Equipment	22 443	-	22 443	-	-	22 443	(19 361)	-	(19 361)	-	-	(19 361)	3 082
Motor Vehicles	61 059 084	-	61 059 084	19 528 012	913 702	79 673 395	(23 746 294)	-	(23 746 294)	(5 366 447)	(405 834)	(28 706 906)	50 966 489
Motor Vehicles	4 253 146	-	4 253 146	2 749 076	913 702	6 088 521	(2 335 760)	-	(2 335 760)	(2 665 576)	(405 834)	(4 595 502)	1 493 019
Fire Engines	4 863 978	-	4 863 978	2 484 633	-	7 348 611	(2 017 723)	-	(2 017 723)	(1 065 879)	-	(3 083 602)	4 265 009
Trucks & Bakkies	51 941 960	-	51 941 960	14 294 303	-	66 236 263	(19 392 810)	-	(19 392 810)	(1 634 991)	-	(21 027 802)	45 208 461
TOTAL	2 911 010 162	-	2 911 010 162	350 668 847	2 053 238	3 259 625 774	(360 223 781)	-	(360 223 781)	(88 656 370)	(1 532 568)	(447 347 583)	2 812 278 191

APPENDIX B
AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT: GROUP
AS AT 30 JUNE 2012

Classification	Cost/Revaluation						Accumulated Depreciation						Carrying Value
	Opening Balance	Transfer In / (Out)	New Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Transfer In / (Out)	New Opening Balance	Additions	Disposals	Closing Balance	
INFRASTRUCTURE	2 783 807 575	-	2 783 807 575	318 989 316	-	3 102 796 891	(312 074 204)	-	(312 074 204)	(74 395 817)	-	(386 470 021)	2 716 326 870
Water													
Reservoirs & Tanks	306 113 947	-	306 113 947	-	-	306 113 947	(48 251 429)	-	(48 251 429)	(11 502 727)	-	(59 754 156)	246 359 791
Supply / Reticulation	1 143 274 720	-	1 143 274 720	308 965 524	-	1 452 240 244	(146 517 978)	-	(146 517 978)	(34 928 631)	-	(181 446 609)	1 270 793 635
Water - Other	377 492 185	-	377 492 185	72 465	-	377 564 650	(44 393 338)	-	(44 393 338)	(10 582 991)	-	(54 976 329)	322 588 321
Water Mains	173 461 762	-	173 461 762	-	-	173 461 762	(28 784 532)	-	(28 784 532)	(6 861 986)	-	(35 646 518)	137 815 245
Meters	39 444 078	-	39 444 078	9 951 327	-	49 395 404	(14 463 330)	-	(14 463 330)	(3 447 934)	-	(17 911 264)	31 484 141
Sanitation													
Purification works	166 186 820	-	166 186 820	-	-	166 186 820	(15 196 024)	-	(15 196 024)	(3 622 602)	-	(18 818 626)	147 368 194
Sewers	79 394 457	-	79 394 457	-	-	79 394 457	(14 467 574)	-	(14 467 574)	(3 448 946)	-	(17 916 520)	61 477 937
Infrastructure under Construction	498 439 606	-	498 439 606	-	-	498 439 606	-	-	-	-	-	-	498 439 606
COMMUNITY	18 675 703	-	18 675 703	2 445 000	-	21 120 703	(1 269 044)	-	(1 269 044)	(197 505)	-	(1 466 550)	19 654 153
Clinics & Hospitals	1 670 000	-	1 670 000	-	-	1 670 000	(316 186)	-	(316 186)	(49 209)	-	(365 395)	1 304 605
Fire Stations	2 100 000	-	2 100 000	-	-	2 100 000	(630 000)	-	(630 000)	(98 049)	-	(728 049)	1 371 951
Security System	47 594	-	47 594	-	-	47 594	(42 858)	-	(42 858)	(6 670)	-	(49 528)	(1 934)
Museum & Art Galleries	262 000	-	262 000	-	-	262 000	-	-	-	-	-	-	262 000
Civic Buildings	1 680 000	-	1 680 000	-	-	1 680 000	(280 000)	-	(280 000)	(43 577)	-	(323 578)	1 356 422
Under Construction	12 916 109	-	12 916 109	2 445 000	-	15 361 109	-	-	-	-	-	-	15 361 109
INVESTMENT PROPERTIES	-	-	-	-	-	-	-	-	-	-	-	-	-
OTHER	109 239 167	-	109 239 167	29 330 313	2 114 920	136 454 560	(47 153 211)	-	(47 153 211)	(14 188 732)	(8 939 037)	(59 755 535)	76 699 025
LAND AND BUILDINGS	18 723 665	-	18 723 665	83 253	-	18 806 918	(2 888 495)	-	(2 888 495)	(17 106)	-	(2 905 602)	15 901 316
Land	4 570 961	-	4 570 961	-	-	4 570 961	-	-	-	-	-	-	4 570 961
Buildings	14 152 704	-	14 152 704	83 253	-	14 235 957	(2 888 495)	-	(2 888 495)	(17 106)	-	(2 905 602)	11 330 355
Office Equipment	15 203 839	-	15 203 839	7 595 803	1 076 141	21 723 501	(11 171 671)	-	(11 171 671)	(6 868 780)	(1 062 628)	(16 977 823)	4 745 678
Air Conditioners	85 276	-	85 276	200 186	-	285 462	(47 470)	-	(47 470)	(117 319)	-	(164 789)	120 673
Computer Hardware	9 901 930	-	9 901 930	2 615 318	21 789	12 495 459	(7 099 019)	-	(7 099 019)	(3 355 568)	(17 135)	(10 437 452)	2 058 007
Operating Software	1 109 708	-	1 109 708	-	-	1 109 708	(1 111 479)	-	(1 111 479)	-	-	-	(1 771)
Other Office Equipment	2 244 955	-	2 244 955	4 493 057	1 054 352	5 683 660	(1 660 973)	-	(1 660 973)	(2 731 886)	(1 045 493)	(3 347 366)	2 336 294
Office Machines	1 861 969	-	1 861 969	287 242	-	2 149 211	(1 252 729)	-	(1 252 729)	(664 007)	-	(1 916 736)	232 475
Furniture and Fittings	3 806 267	-	3 806 267	1 644 533	125 078	5 325 722	(2 763 078)	-	(2 763 078)	(1 167 444)	(117 946)	(3 812 575)	1 513 146
Tables and Desks	1 028 720	-	1 028 720	384 809	-	1 413 529	(722 175)	-	(722 175)	(262 732)	-	(984 908)	428 621
Chairs	669 645	-	669 645	399 226	-	1 068 871	(587 384)	-	(587 384)	(321 314)	-	(908 697)	160 174
Furniture and Fittings : Other	2 106 740	-	2 106 740	664 954	125 078	2 646 616	(1 452 357)	-	(1 452 357)	(426 402)	(117 946)	(1 760 812)	885 804
Bin & Containers	1 162	-	1 162	195 544	-	196 705	(1 162)	-	(1 162)	(156 996)	-	(158 158)	38 547
Plant and Equipment	10 446 312	-	10 446 312	478 712	-	10 925 024	(6 583 674)	-	(6 583 674)	(768 955)	(7 352 628)	(7 352 628)	3 572 396
Compressors	1 240	-	1 240	-	-	1 240	(579)	-	(579)	-	-	(579)	661
Medical Equipment	20 212	-	20 212	-	-	20 212	(18 368)	-	(18 368)	-	-	(18 368)	1 843
Fire Equipment	168 863	-	168 863	-	-	168 863	(63 451)	-	(63 451)	-	-	(63 451)	105 412
Fire Arms	1 775	-	1 775	-	-	1 775	(1 775)	-	(1 775)	-	-	(1 775)	-
Laboratory Equipment	24 240	-	24 240	14 000	-	38 240	(21 906)	-	(21 906)	-	-	(21 906)	16 334
Lawnmowers	74 546	-	74 546	171 102	-	245 648	(39 263)	-	(39 263)	(192 923)	-	(232 186)	13 462
Plant & Equipment : General	906 564	-	906 564	117 610	-	1 024 174	(352 134)	-	(352 134)	(144 870)	-	(497 004)	527 170
Tractors and Trailers	9 226 430	-	9 226 430	176 000	-	9 402 430	(6 066 836)	-	(6 066 836)	(431 162)	-	(6 497 998)	2 904 432
Radio Equipment	22 443	-	22 443	-	-	22 443	(19 361)	-	(19 361)	-	-	(19 361)	3 082
Motor Vehicles	61 059 084	-	61 059 084	19 528 012	913 702	79 673 395	(23 746 294)	-	(23 746 294)	(5 366 447)	(405 834)	(28 706 906)	50 966 489
Motor Vehicles	4 253 146	-	4 253 146	2 749 076	913 702	6 088 521	(2 335 760)	-	(2 335 760)	(2 665 576)	(405 834)	(4 595 502)	1 493 019
Fire Engines	4 863 978	-	4 863 978	2 484 633	-	7 348 611	(2 017 723)	-	(2 017 723)	(1 065 879)	-	(3 083 602)	4 265 009
Trucks & Bakkies	51 941 960	-	51 941 960	14 294 303	-	66 236 263	(19 392 810)	-	(19 392 810)	(1 634 991)	-	(21 027 802)	45 208 461
TOTAL	2911722440	0	2911722440	350764629.7	2114920.43	3 260 372 154	-360496460.1	0	-360496460.1	-88782053.89	-8939036.702	(447 692 106)	2 812 680 048

APPENDIX C

AMATHOLE DISTRICT MUNICIPALITY

THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

SEGMENTAL ANALYSIS OF FIXED PROPERTY, PLANT AND EQUIPMENT PER DEPARTMENT

AS AT 30 JUNE 2012

	Cost / Revaluation				Accumulated Depreciation				Carrying value
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	
Council & General	2 476 621	98889.1	(32 215)	2543294.81	1 615 650	285857.89	(32 215)	1869292.69	674002.12
Municipal Management	875 826	2388969.23	(77 717)	3187078.21	749 823	619525.46	(77 717)	1291631.44	1895446.77
Budget & Treasury	4 852 975	1050602.84	(135 747)	5767830.64	2 811 902	990608.27	(131 953)	3670557.04	2097273.6
Corporate Services	21 358 137	1552233.38	(1 169 420)	21740950.45	7 992 672	1744955.84	(655 649)	9081979.09	12658987
Health & Protection	13 553 910	6167256.02	(92 382)	19628783.57	6 739 235	2561340.23	(92 382)	9208192.68	10420590.89
Engineering Services	15 850 440	1131871.6	(154 850)	16827461.6	5 089 302	1142178.16	(154 850)	6076630.6	10750831
O & M Water & Sanitation	2 830 226 332	337343475.9	(18 700)	3167551108	321 634 356	77661442.31	(18 700)	399277098.7	2768274010
Strategic Management	9 387 877	7219.75	(223 546)	9171550.87	6 151 903	1922787.94	(223 546)	7851145.26	1320402.61
Land & Housing	12 428 043	928327.46	(148 671)	13207699.8	7 438 939	1727672.65	(145 557)	9021054.5	4186645.3
Total	2911010157	350668845.3	-2053247.36	3259625758	360223781.7	88656368.75	-1532568.46	447347580	2812278191

APPENDIX C

AMATHOLE DISTRICT MUNICIPALITY

THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

SEGMENTAL ANALYSIS OF FIXED PROPERTY, PLANT AND EQUIPMENT PER DEPARTMENT: GROUP

AS AT 30 JUNE 2012

	Cost / Revaluation				Accumulated Depreciation				Carrying value
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	
Council & General	2 476 621	98889.1	(32 215)	2543294.81	1 615 650	285857.89	(32 215)	1869292.69	674002.12
Municipal Management	875 826	2388969.23	(77 717)	3187078.21	749 823	619525.46	(77 717)	1291631.44	1895446.77
Budget & Treasury	4 852 975	1050602.84	(135 747)	5767830.64	2 811 902	990608.27	(131 953)	3670557.04	2097273.6
Corporate Services	21 358 137	1552233.38	(1 169 420)	21740950.45	7 992 672	1744955.84	(655 649)	9081979.09	12658987
Health & Protection	13 553 910	6167256.02	(92 382)	19628783.57	6 739 235	2561340.23	(92 382)	9208192.68	10420590.89
Engineering Services	15 850 440	1131871.6	(154 850)	16827461.6	5 089 302	1142178.16	(154 850)	6076630.6	10750831
O & M Water & Sanitation	2 830 226 332	337343475.9	(18 700)	3167551108	321 634 356	77661442.31	(18 700)	399277098.7	2768274010
Strategic Management	9 387 877	7219.75	(223 546)	9171550.87	6 151 903	1922787.94	(223 546)	7851145.26	1320402.61
Land & Housing	12 428 043	928327.46	(148 671)	13207699.8	7 438 939	1727672.65	(145 557)	9021054.5	4186645.3
ASPIRE	712 279	95783	(61 682)	746379	272 679	125684	(53 840)	344523	401857
Total	2911722436	350764628.3	-2114929.36	3260372137	360496460.7	88782052.75	-1586408.46	447692103	2812680048

APPENDIX D
AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2012

2010/11 Actual Income	2010/11 Actual Expenditure	2010/11 Surplus/ (Deficit)		2011/12 Actual Income	2011/12 Actual Expenditure	2011/12 Actual Surplus/ (Deficit)	2011/12 Budgeted Surplus/ (Deficit)
R	R	R		R	R	R	R
1 027 897 956	832 645 675	195 252 282	RATE AND GENERAL SERVICES	1 157 933 033	941 548 642	216 384 391	449 992 846
1 023 472 770	828 298 178	195 174 591	Community Services	1 157 933 033	941 552 542	216 380 491	449 992 846
22 693 742	15 864 256	6 829 486	Council General	21 778 967	36 478 412	(14 699 445)	10 546 210
129 377	8 422 003	(8 292 625)	Mayoral Committee	3 069	9 395 903	(9 392 834)	(10 088 487)
56 591 214	5 226 369	51 364 845	Strategic Manager	56 524 889	11 203 377	45 321 512	47 472 799
1 268 266	7 046 134	(5 777 868)	Municipal Support Unit	1 221 542	7 868 776	(6 647 234)	(7 421 242)
-	24 486 628	(24 486 628)	Internally funded Projects	-	15 328 020	(15 328 020)	126 209 772
30 903 332	42 182 881	(11 279 549)	Information Management Unit	66 856	15 430 083	(15 363 226)	(15 466 376)
1 744	13 949 241	(13 947 498)	Executive Support Services	237 908	19 608 952	(19 371 043)	(20 984 673)
322	2 009 673	(2 009 351)	Speaker Support	316	2 695 328	(2 695 012)	(3 190 832)
23 537 241	36 231 028	(12 693 787)	Corporate Services	66 017 533	46 277 673	19 739 860	16 562 841
268 330	16 762 569	(16 494 238)	Human Resources	671 291	21 243 784	(20 572 492)	(21 472 409)
4 199 903	4 679 254	(479 351)	Budget and Treasury	62 296 128	7 959 656	54 336 472	54 757 438
1 000 000	820 852	179 148	Budget Reform	397 616	408 076	(10 461)	39 501
36 115 157	10 678 227	25 436 930	Accounting and Reporting	28 480 364	8 860 634	19 619 730	4 109 304
1 466 602	963 760	502 842	Asset Management	-	3 023 051	(3 023 051)	(4 403 335)
2 218	4 605 736	(4 603 518)	Supply Chain	14 145	6 441 518	(6 427 373)	(9 453 188)
2 933 339	2 193 127	740 212	Budgeting	494	2 081 397	(2 080 904)	(2 419 807)
26 814 682	34 598 977	(7 784 296)	Revenue	95 539	38 887 279	(38 791 740)	(40 698 026)
-	-	-	Expenditure	-	4 157 417	(4 157 417)	(4 675 114)
494 340 082	20 009 446	474 330 636	Engineering Services	558 406 526	61 354 696	497 051 830	490 630 413
1 013	7 219 173	(7 218 160)	Building and Services Planning	2 135	8 318 347	(8 316 213)	(8 165 670)
-	202 762	(202 762)	Solid Waste site	-	1 645 449	(1 645 449)	243 059
959	3 614 916	(3 613 957)	WSA	431	4 079 185	(4 078 754)	(4 038 888)
3 502 865	8 705 094	(5 202 229)	Project Management Unit	9 496 481	21 262 465	(11 765 984)	(8 245 521)
152 950 930	292 437 854	(139 486 924)	Water and sanitation services	198 452 601	344 184 006	(145 731 405)	(73 761 892)
19 155	112 376 193	(112 357 037)	Water shared services	24 437	120 613 067	(120 588 630)	(125 299 735)
54 815 766	40 347 687	14 468 080	Land Administration and Housing	51 513 210	33 605 455	17 907 755	45 230 549
-	-	-	Building & Services Planning	-	-	-	-
655 987	18 540 063	(17 884 077)	Economic Development	1 531	22 582 524	(22 580 993)	7 016 546
47 455 249	22 385 252	25 069 997	Municipal Manager	19 189 474	5 841 979	13 347 495	11 480 484
-	610 918	(610 918)	Legal Fees	21 380	2 532 094	(2 510 714)	(3 426 636)
1 313	5 356 440	(5 355 127)	Internal Audit	5 550	6 438 165	(6 432 614)	(6 993 094)
53 555 088	15 404 300	38 150 788	Health and Protection Services	78 016 438	10 703 000	67 313 438	46 313 028
5 438 445	10 187 949	(4 749 504)	Disaster Management	1 070 400	6 959 221	(5 888 821)	(6 746 937)
4 559	9 228 636	(9 224 078)	Municipal Health Services ADM	6 023	12 524 354	(12 518 331)	(13 077 236)
2 805 890	14 887 792	(12 081 902)	Fire Services	3 919 759	17 957 541	(14 037 781)	(16 113 377)
-	16 062 989	(16 062 989)	Municipal Health services LM's	-	3 601 657	(3 601 657)	(4 476 623)
4 425 186	4 347 497	77 689	Subsidised Services	0	(3 900)	3 900	-
4 425 186	4 347 497	77 689	Health Nursing Services		(3 900)	3 900	
1 027 897 956	832 645 675	195 252 281	TOTAL	1 157 933 033	941 548 642	216 384 391	449 992 846

APPENDIX D
AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE: GROUP
FOR THE YEAR ENDED 30 JUNE 2012

2010/11 Actual Income	2010/11 Actual Expenditure	2010/11 Surplus/ (Deficit)		2011/12 Actual Income	2011/12 Actual Expenditure	2011/12 Actual Surplus/ (Deficit)	2011/12 Budgeted Surplus/ (Deficit)
R	R	R		R	R	R	R
1 027 897 956	832 645 675	195 252 282	RATE AND GENERAL SERVICES	1 157 933 033	941 548 642	216 384 391	449 992 846
1 023 472 770	828 298 178	195 174 591	Community Services	1 157 933 033	941 552 542	216 380 491	449 992 846
22 693 742	15 864 256	6 829 486	Council General	21 778 967	36 478 412	(14 699 445)	10 546 210
129 377	8 422 003	(8 292 625)	Mayoral Committee	3 069	9 395 903	(9 392 834)	(10 088 487)
56 591 214	5 226 369	51 364 845	Strategic Manager	56 524 889	11 203 377	45 321 512	47 472 799
1 268 266	7 046 134	(5 777 868)	Municipal Support Unit	1 221 542	7 868 776	(6 647 234)	(7 421 242)
-	24 486 628	(24 486 628)	Internally funded Projects	-	15 328 020	(15 328 020)	126 209 772
30 903 332	42 182 881	(11 279 549)	Information Management Unit	66 856	15 430 083	(15 363 226)	(15 466 376)
1 744	13 949 241	(13 947 498)	Executive Support Services	237 908	19 608 952	(19 371 043)	(20 984 673)
322	2 009 673	(2 009 351)	Speaker Support	316	2 695 328	(2 695 012)	(3 190 832)
23 537 241	36 231 028	(12 693 787)	Corporate Services	66 017 533	46 277 673	19 739 860	16 562 841
268 330	16 762 569	(16 494 238)	Human Resources	671 291	21 243 784	(20 572 492)	(21 472 409)
4 199 903	4 679 254	(479 351)	Budget and Treasury	62 296 128	7 959 656	54 336 472	54 757 438
1 000 000	820 852	179 148	Budget Reform	397 616	408 076	(10 461)	39 501
36 115 157	10 678 227	25 436 930	Accounting and Reporting	28 480 364	8 860 634	19 619 730	4 109 304
1 466 602	963 760	502 842	Asset Management	-	3 023 051	(3 023 051)	(4 403 335)
2 218	4 605 736	(4 603 518)	Supply Chain	14 145	6 441 518	(6 427 373)	(9 453 188)
2 933 339	2 193 127	740 212	Budgeting	-	2 081 397	(2 080 904)	(2 419 807)
26 814 682	34 598 977	(7 784 296)	Revenue	95 539	38 887 279	(38 791 740)	(40 698 026)
-	-	-	Expenditure	-	4 157 417	(4 157 417)	(4 675 114)
494 340 082	20 009 446	474 330 636	Engineering Services	558 406 526	61 354 696	497 051 830	490 630 413
1 013	7 219 173	(7 218 160)	Building and Services Planning	2 135	8 318 347	(8 316 213)	(8 165 670)
-	202 762	(202 762)	Solid Waste site	-	1 645 449	(1 645 449)	243 059
959	3 614 916	(3 613 957)	WSA	431	4 079 185	(4 078 754)	(4 038 888)
3 502 865	8 705 094	(5 202 229)	Project Management Unit	9 496 481	21 262 465	(11 765 984)	(8 245 521)
152 950 930	292 437 854	(139 486 924)	Water and sanitation services	198 452 601	344 184 006	(145 731 405)	(73 761 892)
19 155	112 376 193	(112 357 037)	Water shared services	24 437	120 613 067	(120 588 630)	(125 299 735)
54 815 766	40 347 687	14 468 080	Land Administration and Housing	51 513 210	33 605 455	17 907 755	45 230 549
-	-	-	Building & Services Planning	-	-	-	-
655 987	18 540 063	(17 884 077)	Economic Development	1 531	22 582 524	(22 580 993)	7 016 546
47 455 249	22 385 252	25 069 997	Municipal Manager	19 189 474	5 841 979	13 347 495	11 480 484
-	610 918	(610 918)	Legal Fees	21 380	2 532 094	(2 510 714)	(3 426 636)
1 313	5 356 440	(5 355 127)	Internal Audit	5 550	6 438 165	(6 432 614)	(6 993 094)
53 555 088	15 404 300	38 150 788	Health and Protection Services	78 016 438	10 703 000	67 313 438	46 313 028
5 438 445	10 187 949	(4 749 504)	Disaster Management	1 070 400	6 959 221	(5 888 821)	(6 746 937)
4 559	9 228 636	(9 224 078)	Municipal Health Services ADM	6 023	12 524 354	(12 518 331)	(13 077 236)
2 805 890	14 887 792	(12 081 902)	Fire Services	3 919 759	17 957 541	(14 037 781)	(16 113 377)
-	16 062 989	(16 062 989)	Municipal Health services LM's	-	3 601 657	(3 601 657)	(4 476 623)
4 425 186	4 347 497	77 689	Subsidised Services	0	(3 900)	3 900	-
-	-	-	Ambulance and Rescue Services	-	-	-	-
4 425 186	4 347 497	77 689	Health Nursing Services	-	(3 900)	3 900	0
-	-	-		-	-	-	-
60 738 121	58 013 015	2 725 106	DEVELOPMENT AGENCY	81 063 562	82 285 231	(1 221 669)	-
60 738 121	58 013 015	2 725 106		81 063 562	82 285 231	(1 221 669)	-
-	207 040	(207 040)	TAXATION - AGENCY	-	85 364	(85 364)	-
-	207 040	(207 040)		-	85 364	(85 364)	-
1 088 636 077	890 865 730	197 770 347	TOTAL	1 238 996 595	1 023 919 237	215 077 358	449 992 846

APPENDIX E (1)
AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION - MUNICIPALITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Financial performance	2011/12 Actual R	2011/12 Budget R	2011/12 Variance R	2011/12 Variance %	Explanation for Significant Variances greater than 10% vs Budget
REVENUE					
Service Charges	172 646 918	127 751 517	44 895 401	35%	Billing greater than budgeted for due to data cleansing and service coverage data
Rental of facilities & Equipment	311 445	254 877	56 568	22%	Rental of Calgary conference centre is mainly internal use
Interest earned - external investments	37 946 670	20 000 000	17 946 670	90%	Interest earned on current account based on market conditions. The investments thus performed
Interest earned - outstanding receivables	27 186 952	-	27 186 952	100%	No budget due to uncertainty of recovery
Government grants & Subsidies	871 357 500	920 296 753	(48 939 253)	-5%	Grant income is recognised to the extent that expenditure is incurred.
Bad debts recovered	1 900	-	1 900	100%	This item is not budgeted for due to its ad hoc nature
Other income	48 481 648	417 887 180	(369 405 532)	-88%	No fine income due to peace officers not been authorised Solid waste site not operational. Prior
Total Revenue	1 157 933 033	1 486 190 327	(328 257 294)	-22%	
EXPENDITURE					
Employee related costs	312 630 431	329 770 425	(17 139 994)	-5%	
Remuneration of Councillors	10 538 434	11 215 052	(676 618)	-6%	
Bad Debt provision	106 663 740	106 663 747	(7)	0%	
Collection Costs	2 443 484	3 077 965	(634 481)	-21%	Collection costs are based on the amount the amount of bad debts recovered
Depreciation and amortisation	88 673 610	89 473 289	(799 679)	-1%	
Repairs & Maintenance	13 811 913	14 299 098	(487 185)	-3%	
Finance Costs	114 991	156 463	(41 472)	-27%	Less finance charges incurred than budgeted for
Materials & Bulk Purchases	45 859 269	48 714 479	(2 855 210)	-6%	
Contracted Services	53 784 158	53 784 242	(84)	0%	
Grants & Subsidies Paid	254 297	1 564 560	(1 310 263)	-84%	Unspent portion of original project value allocation to Great Kei Local Municipality for Chintsa D
General expenses- other	306 774 314	418 455 870	(111 681 556)	-27%	Savings on general expenditure which includes unspent portions of internally funded projects
Total Expenditure	941 548 643	1 077 175 190	(135 626 547)	-13%	
OPERATING SURPLUS	216 384 390	409 015 137	(192 630 747)		
Gain on disposal of assets	996 830	-	996 830	100%	This item is not budgeted for.
SURPLUS FOR THE YEAR	217 381 221	409 015 137	(191 633 916)		

APPENDIX E (1)
AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION - GROUP
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	2011/12 Actual R	2011/12 Budget R	2011/12 Variance R	2011/12 Variance %	Explanation for Significant Variances greater than 10% vs Budget
REVENUE					
Service Charges	172 646 918	127 751 517	44 895 401	35%	Billing greater than budgeted for due to data cleansing and service coverage data
Rental of facilities & Equipment	311 445	254 877	56 568	22%	Rental of Calgary conference centre is mainly internal use
Interest earned - external investments	38 978 493	20 874 416	18 104 077	87%	Interest earned on current account based on market conditions. The investments thus performed
Interest earned - outstanding receivables	27 186 952	-	27 186 952	100%	No budget due to uncertainty of recovery
Government grants & Subsidies	950 873 951	1 041 419 314	(90 545 363)	-9%	Grant income is recognised to the extent that expenditure is incurred.
Bad debts recovered	1 900	-	1 900	100%	This item is not budgeted for due to its d hoc nature
Other income	48 996 936	418 467 432	(369 470 496)	-88%	No fine income due to peace officers not been authorised Solid waste site not operational. Prior
Total Revenue	1 238 996 595	1 608 767 556	(369 770 961)	-23%	
EXPENDITURE					
Employee related costs	320 203 563	337 350 350	(17 146 787)	-5%	
Remuneration of Councillors and Board	10 884 641	11 525 076	(640 435)	-6%	
Bad Debt provision	106 663 740	106 663 747	(7)	0%	
Collection Costs	2 443 484	3 077 965	(634 481)	-21%	Collection costs are based on the amount the amount of bad debts recovered
Depreciation and amortisation	88 856 232	89 642 289	(786 057)	-1%	
Repairs & Maintenance	13 817 975	14 343 169	(525 194)	-4%	
Finance Costs	419 058	156 463	262 595	168%	The entity does not budget for finance costs
Materials & Bulk Purchases	45 859 269	48 714 479	(2 855 210)	-6%	
Contracted Services	53 784 158	53 784 242	(84)	0%	
Grants & Subsidies Paid	82 836 940	123 936 866	(41 099 926)	-33%	Unspent portion of original project value allocation to Great Kei Local Municipality for Chintsa D
General expenses- other	298 064 812	410 996 371	(112 931 559)	-27%	Savings on general expenditure which includes unspent portions of internally funded projects
Total Expenditure	1 023 833 873	1 200 191 017	(176 357 144)	-15%	
OPERATING SURPLUS	215 162 722	408 576 539	(193 413 817)		
Gain on disposal of assets	1 032 846	-	1 032 846	100%	This item is not budgeted for.
SURPLUS BEFORE TAX	216 195 567	408 576 539	(192 380 972)		
Less: Taxation	(85 364)	-	(85 364)		
SURPLUS FOR THE YEAR	216 110 204	408 576 539	(192 466 335)		

APPENDIX E (2)
AMATHOLE DISTRICT MUNICIPALITY
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY PLANT AND EQUIPMENT)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	2011/12 Actual R	2011/12 Budget R	2011/12 Variance R	2011/12 Variance %	Explanation for Significant Variances greater than 10% vs Budget
LAND AND BUILDINGS					
Administration	2 528 253	1 657 142	871 111	53%	
Housing Schemes	-	-	-	NA	
Workshops & Depots	-	-	-	NA	
Work in progress - water	-	-	-	NA	
	2 528 253	1 657 142	871 111		
INFRASTRUCTURE					
Reservoirs & Tanks	-	-	-	NA	
Water - Other	308 965 524	260 438 596	48 526 928	19%	
Other	72 465	41 369 298	(41 296 833)	-100%	
Plant and equipment - General	-	-	-	NA	
Laboratory equipment	9 951 327	-	9 951 327	100%	
Sewers	-	60 219 298	(60 219 298)	100%	
	318 989 316	362 027 192	(43 037 876)		
COMMUNITY					
Clinics & Hospitals	-	-	-	NA	
Fire Stations	-	-	-	NA	
Museum & Art Galleries	-	-	-	NA	
Ablution facilities	-	-	-	NA	
Security System	-	-	-	NA	
INVESTMENT PROPERTIES	-	-	-	NA	
OTHER					
Air Conditioners	200 186	-	200 186	100%	
Computer Hardware	2 576 717	3 892 193	(1 315 476)	-34%	
Computer Software	-	-	-	NA	
Office Machines	4 775 053	1 143 779	3 631 274	317%	
Cabinets & Cupboards	-	-	-	NA	
Chairs	399 226	-	399 226	100%	
Furniture and Fittings : Other	808 561	6 263 194	(5 454 633)	-87%	
Tables & Desks	384 809	-	384 809	100%	
Laboratory equipment	14 000	-	14 000	100%	
Lawnmowers	171 102	-	171 102	100%	
Motor Vehicles	2 749 076	22 859 723	(20 110 647)	-88%	
Plant and Equipment: general	117 610	-	117 610	100%	
Tractors	2 660 633	197 500	2 463 133	1247%	
Trucks & Bakkies	14 294 303	10 974 412	3 319 891	30%	
	29 151 277	45 330 801	(16 179 524)	-36%	
TOTAL	350668846.7	409015135	-58346288.32	-0.14265	

APPENDIX E (2)
 AMATHOLE DISTRICT MUNICIPALITY
 THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
 ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY PLANT AND EQUIPMENT): GROUP
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

	2011/12 Actual R	2011/12 Budget R	2011/12 Variance R	2011/12 Variance %	Explanation for Significant Variances greater than 10% vs Budget
LAND AND BUILDINGS					
Administration	2 528 253	1 657 142	871 111	53%	
Housing Schemes	-	-	-	NA	
Workshops & Depots	-	-	-	NA	
Work in progress - water	-	-	-	100%	
	2 528 253	1 657 142	871 111		
INFRASTRUCTURE					
Reservoirs & Tanks	-	-	-	100%	
Water - Other	308 965 524	260 438 596	48 526 928	19%	
Other	72 465	41 369 298	(41 296 833)	100%	
Plant and equipment - General	-	-	-	100%	
Laboratory equipment	9 951 327	-	9 951 327	100%	
Sewers	-	60 219 298	(60 219 298)	-100%	
	318 989 316	362 027 192	(43 037 876)		
COMMUNITY					
Clinics & Hospitals	-	-	-	100%	
Fire Stations	-	-	-	0%	
Museum & Art Galleries	-	-	-	0%	
Security System	-	-	-	0%	
INVESTMENT PROPERTIES	-	-	-	100%	
	-	-	-		
OTHER					
Air Conditioners	200 186	-	200 186	100%	
Computer Hardware	2 620 564	3 995 532	(1 374 968)	-34%	
Computer Software	-	-	-	NA	
Office Machines	4 775 053	1 143 779	3 631 274	100%	
Cabinets & Cupboards	-	-	-	100%	
Chairs	399 226	-	399 226	100%	
Furniture and Fittings : Other	860 497	6 320 376	(5 459 879)	100%	
Tables & Desks	384 809	-	384 809	100%	
Laboratory equipment	14 000	-	14 000	100%	
Lawnmowers	171 102	-	171 102	100%	
Motor Vehicles	2 749 076	22 859 723	(20 110 647)	100%	
Plant and Equipment: general	117 610	-	117 610	100%	
Tractors	2 660 633	197 500	2 463 133	NA	
Trucks & Bakkies	14 294 303	10 974 412	3 319 891	100%	
	29 247 060	45 491 322	(16 244 262)	-36%	
TOTAL	350764629.7	409175656	-58411026.32	-14%	

APPENDIX F
AMATHOLE DISTRICT MUNICIPALITY
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
DISCLOSURE OF GRANTS & SUBSIDIES IN TERMS OF MFMA
AS AT 30 JUNE 2012

Name of Grant	Name of Organ of State	QUARTERLY RECEIPTS					QUARTERLY EXPENDITURE					GRANTS & SUBSIDIES DELAYED/WITHHELD					Reason for delay/withheld	Compliance with DORA	Reason for non-compliance
		June 11	Sept 11	Dec 11	March 12	June 12	June 11	Sept 11	Dec 11	March 12	June 12	June 11	Sept 11	Dec 11	March 12	June 12			
		R	R	R	R	R	R	R	R	R	R								
IDP: Local Municipalities	HLG&TA						104013.14					N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Budget Reform	NT					852616		13287	7220	0	718248	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Seta	LGW Seta		427957.37		834470.56	100595.56	68080.11	67257	293742	729	286456	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
LG Seta MSU	LGW Seta						71158.47	1415				N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
MSIG: Road Management System	DHLG&TA						175438.6			24576	-14	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
MSIG: Development of Policies, By Laws and Review MSIG LM'S Spatial Development PI	DHLG&TA		390000				400000					N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Spatial Development Framework	DHLG&TA							33293	43560	42636	278141	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Disaster Management Funds	DHLG&TA/MIG							1340			225	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Bawa Falls: LED	DEDEA							111164	32273	19573	1374	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Elliotdale Brick making	DEDEA							60600	20200	10100		N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Development Craft centre	DEDEA							48025	168522	27586	255024	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
MK Veterans	DHLG&TA	125000					52631.58		864	3375	99891	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Environmental Awareness	DHLG&TA	155000										N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Repatriation of Heritage Property	DHLG&TA						19800					N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
IEC Information initiative support	DEDEA							125000	125000	203947		N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
PHP Funds	DHLG&TA						60156.91					N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Teko Springs Top Structure	DHLG&TA									4521		N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Development Planning Funds	DHLG&TA						267954	21675	14875			N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Development-BNG	HLG&TA						27350					N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
EDOT Funds	ECDOT						2168841.08	148783	2299660	0	4268069	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Bucket Eradication	HLG&TA									31283		N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
MIG	National Treasury	73255263.16	76967000	114640000	129716000		62547868.88	64539180	52184269	42019277	100490221	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
EPWP	Dept Public Works	2127000		3731000	2388000		89760	673763	763935	694102	-1836764	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Household Leak repair	DWA	750000						155899				N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
DWA Refurbishment	DWA				2927575		1716772.6	1327749	-1327749	2279372	648203	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
DWA Bulk water supply Schemes	DWA	18394942.91	11091557.77	5141883.01	23969034.3	12389147.73	3479702.13	10143232	10652033	7588978	24002225	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Idutywa Extention 8 (VIP TOILETS,RDS&W	DWA			277196.77			20176.25			260367		N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Design Guidelines & Std Drawings	DWA						95478.9		56086			N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Water Service Capacity Business Plan	DWA						35800					N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Communal Stand Pipes	DWA	1005854.4		272676.98			1303316.66	186799	270492	53411	55964	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Daliwe Small Bore System	DWA							345713	42466		5856	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Ground water investigation	DWA	1665419										N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Water Conservation & WT Demand Mngt	DWA							101100	68450		68450	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Business Plans For WSP's	DWA								199100			N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Public Awareness	DWA						0				140720	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
Vuna Award	Local Gov				40000							N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A
DWA(support drought issues)	DWA				3547868.78		715654.19	352000	-352000	352000	3045363	N/A	N/A	N/A	N/A	N/A	N/A	yes	N/A

ANNEXURE 1
AMATHOLE DISTRICT MUNICIPALITY
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
CONDITIONAL GRANTS AND RECEIPTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

CONDITIONAL GRANTS AND RECEIPTS	Account Number	Balance at 01/07/2011	Contributions during the Year	Other Income	Interest on Investments	Expenditure during the Year	Balance at 30/06/2012
		R	R	R	R	R	R
BUDGET REFORM	98-06-8-06-307	216 578	-	153 509	699 107	738 755	330 439
FREE BASIC SERVICES STRATEGY DEVELOPMENT	98-06-8-06-338	330 000	-	-	-	-	330 000
REVENUE ENHANCEMENT STRATEGY	98-06-8-06-340	4 470	-	(4 470)	-	-	-
		-					-
SETA: IMPLEMENTATION	98-06-8-06-309	724 393	-	1 363 024	-	648 183	1 439 234
DEVELOPMENT OF LIBRARIES FOR LM's	98-06-8-06-335	2 602	-	-	(2 602)	-	-
VUNA AWARDS-PMS	98-06-8-06-336	23 363	-	40 000	-	55 357	8 006
NKONKOBÉ PUBLIC LIBRARY	98-06-8-06-346	3 030	-	-	(3 030)	-	-
		-					-
EASTERN REGIONAL SOLID WASTE (GK)	98-07-8-07-101	-	-	96 000	-	59 519	36 481
FINGOLAND REGIONAL AUTHORITY	98-07-8-07-102	101 278	-	-	-	-	101 278
DWA ONCE OFF ACCOMMODATION	98-07-8-07-111	-	371 286	-	-	165 669	205 617
DWAF REFURBISHMENT	98-07-8-07-112	-	2 927 575	-	-	2 927 575	-
WMIS GRANT	98-07-8-07-114	17 306	-	-	-	-	17 306
WATER SERVICE CAPACITY BUSINESS PLAN1011	98-07-8-07-115	399 789	-	-	-	-	399 789
WATER MANAGEMENT PLAN	98-07-8-07-116	9 628	-	-	-	-	9 628
ROOF TOP RAIN WATER HARVESTING	98-07-8-07-118	510 757	-	-	-	-	510 757
DESIGN GUIDELINES & STANDARD DRAWINGS	98-07-8-07-119	150 657	-	-	-	56 086	94 571
WATER CONSERVATION & WATER DEMAND MANAGEMENT	98-07-8-07-120	264 200	-	-	-	238 000	26 200
BUSINESS PLANS FOR WATER SERVICE PROVIDERS	98-07-8-07-121	242 950	-	-	-	199 100	43 850
DALIWE SMALL BORE SYSTEM	98-07-8-07-122	394 124	-	(90)	-	394 034	-
GROUND WATER INVESTIGATION	98-07-8-07-123	1 665 419	-	(617 967)	-	933 804	113 648
HOUSEHOLD LEAK REPAIR	98-07-8-07-124	750 000	-	-	-	416 476	333 524
NGQUSI RAIN WATER HARVESTING	98-07-8-07-125	-	207 000	617 967	-	603 204	221 763
ROAD ASSET MANAGEMENT SYSTEM	98-07-8-07-126	-	-	1 687 000	-	940 306	746 694
ADELAIDE WATER RE-USE PHASE 1	98-07-8-07-127	-	2 400 000	-	-	527 222	1 872 778
WATER SERVICE AUTHORITY ROUTINE MONITORING PROGRAMME	98-07-8-07-129	-	400 000	-	-	-	400 000
SANITATION PROJECTS	98-07-8-07-161	886 223	-	2 123	-	888 346	-
COMMUNAL WATER STATIONS (DST/CSIR)	98-07-8-07-166	207 000	-	715 311	-	566 666	355 645
ELLIOTDALE BNG HOUSES	98-07-8-07-177	96 484	-	-	-	-	96 484
IDUTYWA EXTENTION 8 (VIP TOILETS,RDS&W)	98-07-8-07-178	154 849	-	277 197	-	260 367	171 679
GRANTS IN AID 2006/2007	98-07-8-07-190	886 327	(886 327)	-	-	-	-
EASTERN CAPE DEPT OF TRANSPORT FUNDS	98-07-8-07-251	11 438 638	886 327	-	-	6 716 512	5 608 453
EPWLLP	98-07-8-07-600	7 481 209	-	3 731 000	-	295 036	10 917 173
BUCKET ERADICATION	98-09-8-09-002	35 661	-	-	-	31 283	4 378
DWA-BULK WATER SUPPLY SCHEME	98-11-8-11-250	15 859 988	14 629 742	33 566 879	-	52 386 469	11 670 140
DWA SUPPORT (DROUGHT ISSUES)	98-11-8-11-280	-	-	3 547 869	-	3 397 363	150 506
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	98-12-8-12-000	-	-	321 323 000	-	259 232 947	62 090 053
FLOOD RELIEF PROJECTS	98-12-8-12-050	510 076	-	-	-	-	510 076
		-					-
DISASTER: REBUILD FUND	98-06-8-06-409	202 651	-	-	-	188 113	14 538
CAPACITATE AND RESOURCE CENTRE	98-06-8-06-415	1 187 941	-	-	-	717 783	470 158
SATELITE FIRE STATION-CHINTSA	98-06-8-06-447	385 397	-	-	-	379 077	6 320
SATELITE FIRE STATION-KEI MOUTH	98-06-8-06-448	1 092 298	-	-	-	386 380	705 918
FIRE SERVICES-CONTINGENCY FUNDS	98-06-8-06-449	207	-	-	-	-	207
HIV/AIDS NGO'S	98-06-8-06-500	1 010	-	(1 010)	-	-	-
MIG-DISASTER MANAGEMENT	98-06-8-06-606	164 380	-	4	-	164 384	-
		-					-
TECHNICAL ASSISTANCE TO DEVELOP DISTRICT DEV PROFILE	98-06-8-06-348	105 963	-	-	-	-	105 963
MK VETERANS	98-06-8-06-808	119 990	-	-	-	104 130	15 860
REPETRIATION OF HERITAGE PROPERTY	98-06-8-06-810	696	-	(696)	-	-	-
DEVELOPMENT CRAFT CENTRE	98-06-8-06-811	2 632 889	-	-	-	451 132	2 181 757
CAPACITY BUILDING FOR LOCAL MUNICIPALITIES	98-06-8-06-812	112 585	-	-	-	81 000	31 585
BAWA FALLS LED PROJECT	98-06-8-06-912	782 167	-	-	-	90 900	691 267
SILWINDLALA WOMEN'S PROJECT	98-06-8-06-927	37 747	-	-	-	25 327	12 420
SKILLS DEVELOPMENT CENTRE	98-06-8-06-930	322 674	-	-	-	298 123	24 551
BALFOUR SAWMILLS	98-06-8-06-931	300 000	-	-	-	-	300 000
HIGHLANDS RESORT	98-06-8-06-932	117 200	-	-	-	41 364	75 836
PEDDIE BRICK MAKING	98-06-8-06-933	70 335	-	-	-	-	70 335
ELLIOTDALE BRICK MAKING	98-06-8-06-935	359 529	-	-	-	126 725	232 804
INKUTHALO HYDROPONICS	98-06-8-06-936	200 054	-	-	-	-	200 054
LED STRATEGY	98-06-8-06-938	660 521	-	-	-	236 200	424 321
CO-OPERATIVES SPECIALIST	98-06-8-06-939	162 000	-	-	-	9 000	153 000
TOURISM SURVEY	98-06-8-06-940	98 094	-	-	-	-	98 094
PLOUGHING CONTACTORS-WARD 10	98-06-8-06-943	8 000	-	-	-	-	8 000
EC INFORMATION INITIATIVE SUPPORT	98-06-8-06-945	500 000	-	-	-	453 947	46 053
PLOUGHING CONTRACTOR-NGXAKAXA	98-06-8-06-946	40 000	-	-	-	29 850	10 150
NXUBA DAM CHALET'S DEVELOPMENT	98-06-8-06-947	17 895	-	-	-	-	17 895
TOURISM MARKETING STRATEGY	98-06-8-06-948	3 475	-	-	-	-	3 475
PLOUGHING CONTRACTOR-WARD 15	98-06-8-06-949	20 000	38 950	-	-	33 710	25 240
LED CAPACITY BUILDING-NGQUSHWA	98-06-8-06-951	350 000	-	-	-	-	350 000
VICTORIA POST	98-07-8-07-002	225 000	-	-	-	30 000	195 000
TEKO SPRINGS/NDLOVINI	98-07-8-07-005	92 461	-	-	-	24 300	68 161
NEEDS CAMP	98-07-8-07-006	33 714	-	-	-	-	33 714
HOGSBACK	98-07-8-07-009	130 884	-	-	-	-	130 884
HAGA HAGA	98-07-8-07-010	213 473	-	-	-	-	213 473
WILLOWVALE	98-07-8-07-011	404 957	-	-	-	233 003	171 954
ELLIOTDALE	98-07-8-07-012	9 275	-	-	-	-	9 275

ANNEXURE 1
 AMATHOLE DISTRICT MUNICIPALITY
 CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
CONDITIONAL GRANTS AND RECEIPTS
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

CONDITIONAL GRANTS AND RECEIPTS	Account Number	Balance at 01/07/2011	Contributions during the Year	Other Income	Interest on Investments	Expenditure during the Year	Balance at 30/06/2012
		R	R	R	R	R	R
NDEVANA	98-07-8-07-015	34765.82	0	0	0	0	34765.82

ANNEXURE 1
AMATHOLE DISTRICT MUNICIPALITY
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
CONDITIONAL GRANTS AND RECEIPTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

CONDITIONAL GRANTS AND RECEIPTS	Account Number	Balance at 01/07/2011	Contributions during the Year	Other Income	Interest on Investments	Expenditure during the Year	Balance at 30/06/2012
		R	R	R	R	R	R
MSOMBOMVU	98-07-8-07-020	57 530	-	-	-	-	57 530
HERTZOG	98-07-8-07-022	84 070	-	-	-	-	84 070
GREAT KEI PLANNING FUNDS	98-07-8-07-023	23 327	-	-	-	-	23 327
MNQUMA PLANNING FUNDS	98-07-8-07-024	110 000	-	-	-	-	110 000
NGQUSHWA PLANNING FUNDS	98-07-8-07-025	46 667	-	-	-	-	46 667
NKONKOBÉ PLANNING FUNDS	98-07-8-07-026	53 063	-	-	-	-	53 063
MNQUMA SURVEY	98-07-8-07-028	25 000	-	-	-	-	25 000
NGQUSHWA SURVEY FUNDS	98-07-8-07-035	177 510	-	-	-	-	177 510
NKONKOBÉ SURVEY	98-07-8-07-036	116 200	-	-	-	-	116 200
LEWIS SURVEY	98-07-8-07-037	141 125	-	-	-	-	141 125
PRUDOE ENG DESIGN	98-07-8-07-045	1 348	-	-	-	-	1 348
DONGWE ENG DESIGN	98-07-8-07-046	9 499	-	-	-	-	9 499
TEKOSPRINGS INFRASTRUCTURE	98-07-8-07-065	1 692 000	-	-	-	1 692 000	-
KUBUSIE ESTABLISHMENT GRANT	98-07-8-07-076	44 230	-	-	-	9 160	35 070
NDLOVINI ESTABLISHMENT GRANT	98-07-8-07-077	10 291	-	-	-	-	10 291
DUCATS ESTABLISHMENT GRANT	98-07-8-07-078	93 742	-	-	-	23 200	70 542
MACLEAN/T ESTAB GRANT	98-07-8-07-079	16 849	-	-	-	-	16 849
PRUDOE ESTABLISHMENT GRANT	98-07-8-07-080	58 248	-	-	-	5 010	53 238
DONGWE PRODOE ESTABLISHMENT GRANT	98-07-8-07-081	78 475	-	-	-	1 800	76 675
TEKO SPRING ESTABLISHMENT GRANT	98-07-8-07-082	37 332	-	-	-	2 250	35 082
NEEDS CAMP ESTABLISHMENT GRANT	98-07-8-07-083	66 222	-	-	-	-	66 222
TEKO SPRING TOP STRUCTURE	98-07-8-07-084	110 959	-	-	-	4 521	106 438
PRUDOE TOP STRUCTURE	98-07-8-07-085	482 535	-	-	-	-	482 535
DONGWE TOP STRUCTURE	98-07-8-07-086	1 347 309	-	-	-	-	1 347 309
NEEDSCAMP TOP STRUCTURE	98-07-8-07-087	3 838	-	-	-	-	3 838
DUCATS TOP STRUCTURE SUBSIDY	98-07-8-07-088	23 234	-	-	-	-	23 234
KUBUSI TOP STRUCTURE	98-07-8-07-089	580 656	-	-	-	526 513	54 143
MACLEANTOWN TOP STRUCTURE	98-07-8-07-090	867 953	-	-	-	-	867 953
LILYVALE KAYB ESTABLISHMENT GRANT	98-07-8-07-092	2 643	-	-	-	-	2 643
KAYSERS BEACH HOUSING PROJECT	98-07-8-07-093	529 380	-	-	-	-	529 380
LILLYVALE TOP STRUCTURE	98-07-8-07-094	1 861 879	-	-	-	-	1 861 879
LILLYVALE ENG DESIGNS	98-07-8-07-095	5 940	-	-	-	-	5 940
LILLYVALE TOWN PLANNING	98-07-8-07-096	-	-	15 400	-	15 400	-
CHANTA DEVELOPMENT FUND	98-07-8-07-152	2 413 456	-	-	-	-	2 413 456
DWESA CWEBE RESTITUTIONAL	98-07-8-07-153	5 329 653	-	-	-	-	5 329 653
PLANNING GRANT DLA	98-07-8-07-158	1 897 706	-	-	-	5 425	1 892 281
RESTITUTION AWARD(DLA)	98-07-8-07-159	44 307 718	-	-	-	-	44 307 718
DEVELOPMENT PLANNING-BNG FUNDS	98-07-8-07-172	37 872	(1 322)	-	-	36 550	-
BENEFIARY ADMINISTRATION (BNG)	98-07-8-07-173	147 365	-	-	-	45 625	101 740
GEOTECHNICAL INVESTIGATION	98-07-8-07-174	312	(312)	-	-	-	-
ENVIRONMENTAL IMPACT ASSESMENT	98-07-8-07-175	1 032 095	-	-	-	137 960	894 135
GEO HYDROLOGY	98-07-8-07-176	1 394 200	-	-	-	-	1 394 200
H&LG SURVEY FUNDS	98-07-8-07-451	129 400	-	-	-	67 720	61 680
TOTAL MUNICIPALITY		120 996 939	21 691 167	367 302 050	693 475	340 849 294	169 834 335
DELEGATION POLICIES	98-06-8-06-022	-	-	150 000	-	80 929	69 071
COMPUTERISED SYSTEMS FOR LM'S	98-06-8-06-023	-	-	100 000	-	96 007	3 993
WORKPLACE SKILLS PLANS FOR LM'S	98-06-8-06-024	-	-	150 000	-	123 867	26 133
MSIG:ROAD MANAGEMENT SYSTEM	98-06-8-06-031	24 561	-	-	-	24 561	-
SPATIAL DEVELOPMENT FRAMEWORK PLANS	98-06-8-06-037	1 565	-	-	-	1 565	-
MSIG:LAND ADMIN-CAPACITY BUILDING(LM'S)	98-06-8-06-040	18 720	-	-	-	18 720	-
REVIEW MSIG LOCAL MUNICIPALITIES SPATIAL DEVELOPMENT PLANS	98-06-8-06-043	72 318	-	390 000	-	397 629	64 689
MINIMUM COMPETENCY:RPL	98-06-8-06-327	-	718 248	-	-	188	718 060
IDP-LOCAL MUNICIPALITIES	98-06-8-06-228	12 974	-	-	-	1 048	11 926
LG SETS MUNICIPAL SUPPORT UNIT	98-06-8-06-328	6 741	-	-	-	1 415	5 326
LAND USE MANAGEMENT	98-06-8-06-330	74 760	-	-	-	53 256	21 504
PUBLIC AWARENESS	98-06-8-06-358	295 241	-	-	-	220 247	74 994
CO-FUNDING WATER CONSERVATION(DWAF)	98-06-8-06-359	474 000	-	-	-	474 000	-
ASPIRE							
INDUSTRIAL DEVELOPMENT CORPORATION		1 815 372	3 000 000	-	-	3 132 241	1 683 131
BURP		1 370 244	-	-	-	1 370 244	-
NGQUSHWA MUNICIPALITY		67 000	-	-	-	-	67 000
INDALO YETHU		-	2 367 722	-	-	2 344 341	23 381
DEDEA - WOODHOUSE		948 530	-	-	-	948 530	-
EASTERN CAPE DEVELOPMENT CORPORATION		90 900	419 740	-	-	125 702	384 938
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT - Technical Assistance		-	1 584 544	-	-	1 584 544	-
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT - Capital		9 222 269	71 450 000	-	-	52 509 006	28 163 263
MBASHE MUNICIPALITY - N2 Summit		87 719	-	-	-	-	87 719
AREDS		-	-	-	-	-	-
DNT - HAMBURG ARTS RESIDENCY		3 494 961	6 487 394	-	-	8 746 050	1 236 305
DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM		316 449	9 175 532	-	-	9 175 532	316 449
DEVELOPMENT BANK OF SOUTH AFRICA		96 491	-	-	-	-	96 491
TOTAL ASPIRE		17 509 935	94 484 932	-	-	79 936 190	32 058 677
TOTAL: GROUP GRANTS & RECEIPTS		138 506 874	116 176 099	367 302 050	693 475	420 785 484	201893012

ANNEXURE 2
AMATHOLE DISTRICT MUNICIPALITY AND GROUP
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2011/2012					2010/2011									
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue - Standard															
<i>Governance and administration</i>	816 641	4 940	821 581	–	–	821 581	862 100	–	(40 518)	0	0	–	–	–	753 225
Executive and council	667 934	(2 060)	665 874	–	–	665 874	704 060	–	(38 186)	106%	105%	–	–	–	625 985
Budget and treasury office	81 346	–	81 346	–	–	81 346	91 284	–	(9 938)	112%	112%	–	–	–	72 532
Corporate services	67 361	7 000	74 361	–	–	74 361	66 756	–	7 605	90%	99%	–	–	–	54 709
<i>Community and public safety</i>	62 878	–	62 878	–	–	62 878	87 856	–	(24 978)	–	–	–	–	–	121 045
Public safety	2 698	–	2 698	–	–	2 698	4 990	–	(2 292)	185%	185%	–	–	–	8 244
Housing	–	–	–	–	–	–	4 843	–	(4 843)	100%	100%	–	–	–	54 816
Health	60 179	–	60 179	–	–	60 179	78 022	–	(17 843)	130%	130%	–	–	–	57 985
<i>Economic and environmental services</i>	144 934	151 133	296 066	–	–	296 066	4	–	296 063	–	–	–	–	–	657
Planning and development	144 934	151 133	296 066	–	–	296 066	4	–	296 063	0%	0%	–	–	–	657
<i>Trading services</i>	280 390	25 275	305 665	–	–	305 665	207 974	–	97 691	0	–	–	–	–	145 562
Water	–	25 275	25 275	–	–	25 275	–	–	25 275	0%	100%	–	–	–	101 951
Waste water management	175 186	–	175 186	–	–	175 186	70 858	–	104 328	40%	40%	–	–	–	43 612
Waste management	103 204	–	103 204	–	–	103 204	137 116	–	(33 912)	133%	133%	–	–	–	–
<i>Other</i>	2 000	–	2 000	–	–	2 000	–	–	2 000	0%	0%	–	–	–	–
Total Revenue - Standard	1 304 843	181 348	1 486 190	–	–	1 486 190	1 157 933	–	656 515	–	–	–	–	–	1 020 490
Expenditure - Standard															
<i>Governance and administration</i>	266 895	4 180	271 074	–	(49 455)	221 620	320 699	–	(99 079)	0	0	–	–	–	224 288
Executive and council	105 538	(2 820)	102 718	–	(33 841)	68 877	165 928	–	(97 051)	241%	157%	–	–	–	97 980
Budget and treasury office	80 081	–	80 081	–	(13 253)	66 828	71 819	–	(4 991)	107%	90%	–	–	–	44 470
Corporate services	81 275	7 000	88 275	–	(2 360)	85 915	82 952	–	2 964	97%	102%	–	–	–	81 838
<i>Community and public safety</i>	60 937	–	60 937	–	(3 466)	57 471	82 997	–	(25 526)	–	–	–	–	–	83 554
Public safety	27 414	–	27 414	–	(1 855)	25 559	24 917	–	642	97%	91%	–	–	–	25 076
Housing	6 878	–	6 878	–	634	7 513	31 255	–	(23 743)	416%	454%	–	–	–	24 345
Health	26 645	–	26 645	–	(2 245)	24 400	26 825	–	(2 425)	110%	101%	–	–	–	34 134
<i>Economic and environmental services</i>	86 641	151 893	238 534	–	55 786	294 320	46 229	–	248 091	–	–	–	–	–	25 759
Planning and development	86 641	151 893	238 534	–	55 786	294 320	46 229	–	248 091	16%	53%	–	–	–	25 759
<i>Trading services</i>	474 235	25 275	499 510	–	4 255	503 765	491 784	–	11 980	–	–	–	–	–	406 913
Water	384 852	25 275	410 127	–	(5 278)	404 848	391 451	–	13 397	97%	102%	–	–	–	327 633
Waste water management	87 383	–	87 383	–	9 776	97 159	98 688	–	(1 528)	102%	113%	–	–	–	79 078
Waste management	2 000	–	2 000	–	(243)	1 757	1 645	–	111	94%	82%	–	–	–	203
Total Expenditure - Standard	888 707	181 348	1 070 055	–	7 120	1 077 175	941 709	–	270 933	–	–	–	–	–	740 514
Surplus/(Deficit) for the year	416 135	–	416 135	–	(7 120)	409 015	216 224	–	385 582	–	–	–	–	–	279 976

ASPIRE															
Revenue - Standard	116 560	17 122	133 682	–	–	133 682	93 871	–	39 811	0	0	–	–	–	60 738
Expenditure - Standard	116 895	17 621	134 516	–	–	134 516	93 785	–	40 731	0	0	–	–	–	58 013
Surplus for the year - ASPIRE	(335)	(499)	(834)	–	–	(834)	85	–	(919)	(0)	(0)	–	–	–	2 725
Surplus for the year - GROUP	415 801	(499)	415 301	–	–	408 181	216 310	–	384 662	0	0	–	–	–	282 701

ANNEXURE 2
AMATHOLE DISTRICT MUNICIPALITY AND GROUP
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2011/2012						2010/2011								
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
MUNICIPALITY															
Revenue by Vote															
Vote 2 - Executive & Council	47 492	-	47 492	-	-	47 492	21 782	-	25 710	46%	46%	-	-	-	22 823
Vote 4 - Strategic Management	65 301	151 133	216 433	-	-	216 433	58 052	-	158 382	27%	89%	-	-	-	88 765
Vote 5 - Corporate Services	66 031	7 000	73 031	-	-	73 031	66 689	-	6 342	91%	101%	-	-	-	23 806
Vote 6 - Budget & Treasury	81 346	-	81 346	-	-	81 346	91 284	-	(9 938)	112%	112%	-	-	-	72 532
Vote 8 - Engineering Department	592 512	-	592 512	-	-	592 512	558 409	-	34 103	94%	94%	-	-	-	497 845
Vote 9 - Health & Protection Department	62 878	-	62 878	-	-	62 878	83 013	-	(20 135)	132%	132%	-	-	-	61 804
Vote 10 - O&m Water And Sanitation	278 350	25 275	303 625	-	-	303 625	207 974	-	95 651	68%	75%	-	-	-	145 561
Vote 11 - Land Human Settlements & Eco Development	81 618	-	81 618	-	-	81 618	51 515	-	30 103	63%	63%	-	-	-	55 472
Vote 12 - Municipal Management	29 315	(2 060)	27 256	-	-	27 256	19 216	-	8 039	71%	66%	-	-	-	47 457
Total Revenue by Vote	1 304 843	181 348	1 486 190	-	-	1 486 190	1 157 933	-	328 257	-	-	-	-	-	1 020 490
Expenditure by Vote to be appropriated															
Vote 2 - Executive & Council	47 045	-	47 045	-	(11)	47 034	-	-	47 034	0%	0%	-	-	-	24 286
Vote 3 - Alternative To Levy Income Grant	-	-	-	-	-	-	72 135	-	(72 135)	100%	100%	-	-	-	-
Vote 4 - Strategic Management	63 082	151 133	214 214	-	51 713 307.00	265 928	67 521	-	198 406	25%	107%	-	-	-	67 398
Vote 5 - Corporate Services	64 260	7 000	71 260	-	-8 870 215.00	62 390	71 819	-	(9 429)	115%	112%	-	-	-	39 655
Vote 6 - Budget & Treasury	80 081	-	80 081	-	-15 090 854.00	64 990	-	-	64 990	0%	0%	-	-	-	44 470
Vote 8 - Engineering Department	39 254	-	39 254	-	-6 163 787.00	33 091	51 742	-	(18 651)	156%	132%	-	-	-	31 431
Vote 9 - Health & Protection Department	54 059	-	54 059	-	-4 100 000.00	49 959	486 060	-	(436 101)	973%	899%	-	-	-	54 862
Vote 10 - O&m Water And Sanitation	461 617	25 275	486 892	-	4 497 681.00	491 389	56 188	-	435 201	11%	12%	-	-	-	403 095
Vote 11 - Land Human Settlements & Eco Development	50 681	-	50 681	-	-13 686 501.00	36 994	14 812	-	22 182	40%	29%	-	-	-	42 885
Vote 12 - Municipal Management	28 628	(2 060)	26 569	-	-1 168 257.00	25 400	-	-	25 400	0%	0%	-	-	-	28 084
Total Expenditure by Vote	888 707	181 348	1 070 055	-	7 120	1 077 175	941 709	-	135 467	-	-	-	-	-	740 514
Surplus for the year MUNICIPALITY	416 135	-	416 135	-	-	409 015	216 224	-	192 791	-	-	-	-	-	279 976
ASPIRE															
Revenue by Vote															
Vote 14 - Amathole Economic Development Agency	116 560	17 122	133 682	-	-	133 682	93 871	-	39 811	0	0	-	-	-	60 738
Expenditure by Vote to be appropriated															
Vote 14 - Amathole Economic Development Agency	116 895	17 621	134 516	-	-	134 516	93 785	-	40 731	0	0	-	-	-	58 013
Surplus for the year ASPIRE	(335)	(499)	(834)	-	-	(834)	85	-	(919)						2 725
Surplus for the year - GROUP	415 801	(499)	415 301	-	-	408 181	216 310	-	191 871	-	-	-	-	-	282 701

ANNEXURE 2
AMATHOLE DISTRICT MUNICIPALITY AND GROUP
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure) - MUNICIPALITY

Description	2011/2012					2010/2011									
	Original Budget	Budget Adjustments (i.e. S28 and S31 of the MFMA)	Final adjustments budget	Shifting of funds (i.e. S31 of the MFMA)	Virement (i.e. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue By Source															
Service charges - water revenue	66 164	-	66 164	-	-	66 164	99 732	-	(33 568)	151%	151%	-	-	-	70 496
Service charges - sanitation revenue	59 665	-	59 665	-	-	59 665	69 772	-	(10 107)	117%	117%	-	-	-	43 402
Service charges - other	1 922	-	1 922	-	-	1 922	3 142	-	(1 220)	163%	163%	-	-	-	1 851
Rental of facilities and equipment	255	-	255	-	-	255	311	-	(57)	122%	122%	-	-	-	269
Interest earned - external investments	20 000	-	20 000	-	-	20 000	37 947	-	(17 947)	190%	190%	-	-	-	40 141
Interest earned - outstanding debtors	-	-	-	-	-	-	27 187	-	(27 187)	100%	100%	-	-	-	22 839
Fines	10	-	10	-	-	10	-	-	10	0%	0%	-	-	-	-
Transfers recognised - operational	555 893	(1 123)	554 770	-	-	554 770	871 358	-	(316 588)	157%	157%	-	-	-	-
Other revenue	600 934	182 471	783 404	-	-	783 404	48 484	-	734 921	6%	8%	-	-	-	44 246
Gains on disposal of PPE	-	-	-	-	-	-	997	-	(997)	100%	100%	-	-	-	321
Total Revenue	1 304 843	181 348	1 486 190	-	-	1 486 190	1 158 930	-	327 260	-	-	-	-	-	1 022 208
Expenditure By Type															
Employee related costs	328 057	-	328 057	-	(1 865)	326 192	312 630	-	13 561	96%	95%	-	-	-	248 389
Remuneration of councillors	13 080	-	13 080	-	37 981	51 062	10 538	-	40 523	21%	81%	-	-	-	11 307
Debt impairment	66 260	-	66 260	-	5 188	71 448	106 664	-	(35 215)	149%	161%	-	-	-	91 901
Depreciation & asset impairment	84 285	-	84 285	-	38	84 324	88 674	-	(4 350)	105%	105%	-	-	-	76 608
Finance charges	118	-	118	-	(11 766)	(11 648)	115	-	(11 763)	-1%	97%	-	-	-	194
Bulk purchases	60 481	-	60 481	-	-	60 481	45 859	-	14 622	76%	76%	-	-	-	37 980
Other materials	-	-	-	-	(24 169)	(24 169)	-	-	(24 169)	0%	100%	-	-	-	-
Contracted services	55 800	-	55 800	-	(2 015)	53 784	53 784	-	0	100%	96%	-	-	-	48 136
Transfers and grants	15 029	1 565	16 593	-	0	16 593	254	-	16 339	2%	2%	-	-	-	1 967
Other expenditure	265 597	179 783	445 380	-	9 136	454 516	323 030	-	131 486	71%	122%	-	-	-	316 164
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	0%	0%	-	-	-	-
Total Expenditure	888 707	181 348	1 070 055	-	12 528	1 082 582	941 549	-	141 034	0	0	-	-	-	832 646
Surplus/(Deficit)	416 135	-	416 135	-	(12 528)	403 608	217 381	-	186 227	(0)	(0)	-	-	-	189 562
Transfers recognised - capital	362 027	-	-	-	-	362 027	377 912	-	(15 884)	104%	104%	-	-	-	-
Internally generated funds	54 108	-	-	-	(7 120)	46 988	54 108	-	(7 120)	115%	100%	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	832 271	-	416 135	-	(19 648)	812 623	649 401	-	163 222	-	-	-	-	-	189 562
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus after taxation	832 271	-	416 135	-	(19 648)	812 623	649 401	-	163 222	-	-	-	-	-	189 562
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus attributable to municipality	832 271	-	416 135	-	(19 648)	812 623	649 401	-	163 222	-	-	-	-	-	189 562
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus for the year	832 271	-	416 135	-	(19 648)	812 623	649 401	-	163 222	-	-	-	-	-	189 562

Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure) - GROUP

Description	2011/2012					2010/2011									
	Original Budget	Budget Adjustments (i.e. S28 and S31 of the MFMA)	Final adjustments budget	Shifting of funds (i.e. S31 of the MFMA)	Virement (i.e. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue By Source															
Service charges - water revenue	66 164	-	66 164	-	-	66 164	99 732	-	(33 568)	151%	151%	-	-	-	70 496
Service charges - sanitation revenue	59 665	-	59 665	-	-	59 665	69 772	-	(10 107)	117%	117%	-	-	-	43 402
Service charges - other	1 922	-	1 922	-	-	1 922	3 142	-	(1 220)	163%	163%	-	-	-	1 851
Rental of facilities and equipment	255	-	255	-	-	255	311	-	(57)	122%	122%	-	-	-	269
Interest earned - external investments	20 479	395	20 874	-	-	20 874	38 978	-	(18 104)	187%	190%	-	-	-	40 141
Interest earned - outstanding debtors	-	-	-	-	-	-	27 187	-	(27 187)	100%	100%	-	-	-	22 839
Fines	10	-	10	-	-	10	-	-	10	0%	0%	-	-	-	-
Transfers recognised - operational	659 885	16 007	675 892	-	-	675 892	950 874	-	(274 982)	141%	144%	-	-	-	-
Other revenue	601 522	182 463	783 985	-	-	783 985	48 999	-	734 986	6%	8%	-	-	-	44 246
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	100%	100%	-	-	-	321
Total Revenue	1 409 903	198 865	1 608 768	-	-	1 608 768	1 238 997	-	369 771	-	-	-	-	-	1 022 208
Expenditure By Type															
Employee related costs	335 651	(14)	335 637	-	-	335 637	320 204	-	15 434	95%	95%	-	-	-	248 389
Remuneration of councillors	13 390	-	13 390	-	-	13 390	10 885	-	2 506	81%	81%	-	-	-	11 307
Debt impairment	66 260	-	66 260	-	-	66 260	106 664	-	(40 403)	161%	161%	-	-	-	91 901
Depreciation & asset impairment	84 377	78	84 454	-	-	84 454	88 856	-	(4 402)	105%	105%	-	-	-	76 608
Finance charges	118	-	118	-	-	118	419	-	(301)	355%	355%	-	-	-	194
Bulk purchases	60 481	-	60 481	-	-	60 481	45 859	-	14 622	76%	76%	-	-	-	37 980
Contracted services	55 800	-	55 800	-	(2 015)	53 784	53 784	-	0	100%	96%	-	-	-	48 136
Transfers and grants	116 663	22 302	138 965	-	-	138 965	82 837	-	56 128	60%	71%	-	-	-	1 967
Other expenditure	272 861	176 603	449 464	-	2 015	451 480	314 326	-	137 153	70%	115%	-	-	-	316 164
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	0%	0%	-	-	-	-
Total Expenditure	1 005 602	198 969	1 204 571	-	-	1 204 571	1 023 834	-	180 737	-	0	-	-	-	832 646
Surplus/(Deficit)	404 301	(104)	404 197	-	-	404 197	215 163	-	189 034	-	(0)	-	-	-	189 562
Transfers recognised - capital	362 027	-	-	-	-	362 027	377 912	-	(15 884)	104%	104%	-	-	-	-
Internally generated funds	54 108	-	-	-	(7 120)	46 988	54 108	-	(7 120)	115%	100%	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	820 436	(104)	404 197	-	(7 120)	813 212	647 183	-	166 029	-	-	-	-	-	189 562
Taxation	-	-	-	-	-	-	(85)	-	-	-	-	-	-	-	-
Surplus after taxation	820 436	(104)	404 197	-	(7 120)	813 212	647 097	-	166 029	-	-	-	-	-	189 562
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus attributable to municipality	820 436	(104)	404 197	-	(7 120)	813 212	647 097	-	166 029	-	-	-	-	-	189 562
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus for the year	820 436	(104)	404 197	-	(7 120)	813 212	647 097	-	166 029	-	-	-	-	-	189 562

ANNEXURE 2
AMATHOLE DISTRICT MUNICIPALITY AND GROUP
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	2011/2012						2010/2011								
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Capital expenditure - Vote															
Multi-year expenditure									-						
Vote 8 - Engineering Department	332 203	-	332 203	-	-	332 203	-	-	332 203	0%	0%	-	-	-	-
Vote 11 - Land Human Settlements & Eco Development	29 825	-	29 825	-	-	29 825	-	-	29 825	0%	0%	-	-	-	-
Capital multi-year expenditure sub-total	3.62E+08	0	3.62E+08	0	0	3.62E+08	0	0	3.62E+08	0	0	0	0	0	-
Single-year expenditure															
Vote 2 - Executive & Council	447	-	447	-	-	447	99	-	348	22%	22%	-	-	-	795
Vote 4 - Strategic Management	2 219	-	2 219	-	-	2 219	1 963	-	256	88%	88%	-	-	-	1 336
Vote 5 - Corporate Services	1 771	-	1 771	-	-	1 771	1 552	-	218	88%	88%	-	-	-	1 557
Vote 6 - Budget & Treasury	1 265	-	1 265	-	-	1 265	1 050	-	215	83%	83%	-	-	-	923
Vote 8 - Engineering Department	1 439	-	1 439	-	-	1 439	1 132	-	308	79%	79%	-	-	-	1 291
Vote 9 - Health & Protection Department	8 819	-	8 819	-	0	8 819	6 167	-	2 652	70%	70%	-	-	-	1 206
Vote 10 - O&m Water And Sanitation	36 349	-	36 349	-	(7 120)	29 229	22 339	-	6 890	76%	61%	-	-	-	29 706
Vote 11 - Land Human Settlements & Eco Development	1 113	-	1 113	-	(0)	1 112	928	-	184	83%	83%	-	-	-	443
Vote 12 - Municipal Management	687	-	687	-	-	687	434	-	253	63%	63%	-	-	-	133
Vote 14 - Amathole Economic Development	161	-	161	-	-	161	96	-	65	60%	60%	-	-	-	-
Capital single-year expenditure sub-total	54268816	0	54268816	0	-7120352	47148464	35760168	0	11388296	0	0	0	0	0	37388214
Total Capital Expenditure - Vote	4.16E+08	0	4.16E+08	0	-7120352	4.09E+08	35760168	0	3.73E+08	0	0	0	0	0	37388214
Capital Expenditure - Standard															
Governance and administration	3.38E+08	0	3.38E+08	0	0	3.38E+08	0	0	3.38E+08	0	0	0	0	0	5 151
Executive and council	334 082	-	334 082	-	-	334 082	-	-	334 082	0%	0%	-	-	-	2 024
Budget and treasury office	1 265	-	1 265	-	-	1 265	-	-	1 265	0%	0%	-	-	-	923
Corporate services	2 911	-	2 911	-	-	2 911	-	-	2 911	0%	0%	-	-	-	2 204
Community and public safety	9056945	0	9056945	0	0	9056945	0	0	9056945	0	0	0	0	0	1 240
Public safety	6 594	-	6 594	-	-	6 594	-	-	6 594	0%	0%	-	-	-	1 111
Housing	238	-	238	-	-	238	-	-	238	0%	0%	-	-	-	35
Health	2 225	-	2 225	-	-	2 225	-	-	2 225	0%	0%	-	-	-	1 095
Economic and environmental services	31950582	0	31950582	0	0	31950582	0	0	31950582	0	0	0	0	0	846
Planning and development	31 951	-	31 951	-	-	31 951	-	-	31 951	0%	0%	-	-	-	846
Trading services	37030715	0	37030715	0	0	37030715	0	0	37030715	0	0	0	0	0	30 150
Water	32 535	-	32 535	-	-	32 535	-	-	32 535	0%	0%	-	-	-	28 145
Waste water management	4 496	-	4 496	-	-	4 496	-	-	4 496	0%	0%	-	-	-	2 005
Other	0	0	-	0	0	-	0	0	-	0	0	-	-	-	-
Total Capital Expenditure - Standard	4.16E+08	-	4.16E+08	0	0	4.16E+08	0	0	4.16E+08	0	0	0	0	0	37 388
Funded by:															
National Government	362 027	-	362 027	-	-	362 027	-	-	3.62E+08	0%	0%	-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	0	0	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	54 269	-	54 269	-	(7 120)	47 148	-	-	47 148	0%	0%	-	-	-	37 388
Total Capital Funding	416 296	-	416 296	-	(7 120)	409 176	-	-	409 176	-	-	-	-	-	37 388

ANNEXURE 2
AMATHOLE DISTRICT MUNICIPALITY AND GROUP
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012

Reconciliation of Table A7 Budgeted Cash Flows

Description	2011/2012					2010/2011			
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Audited Outcome
R thousand	1	2	3	6	7	9	10	11	12
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts	-8.7E+08	1.81E+08	-6.9E+08	-6.9E+08	1.06E+09	-1.7E+09	0	0	926742425
Ratepayers and other	-3E+08	1.82E+08	(121 269)	(121 269)	72 544	(193 813)	-0.59821	-0.23884	71 606
Grants			-	-	923 230	(923 230)	1	1	792 156
Government - operating	-5.4E+08	-1123000	(545 487)	(545 487)	-	(545 487)	0	0	-
Interest	-2E+07		(20 000)	(20 000)	65 134	(85 134)	1	1	62 981
Dividends			-	-	-				-
Payments	5.95E+08	1.81E+08	5.95E+08	5.95E+08	-6.5E+08	1.25E+09	0.904993	0.904993	-660510984
Suppliers and employees	5.95E+08		595 208	595 208	(651 757)	1 246 965	-1.09501	-1.09501	(658 350)
Finance charges					(115)	115	1	1	(194)
Other	0	1.81E+08			(254)	254	1	1	(1 967)
NET CASH FROM/(USED) OPERATING /	-2.7E+08	3.63E+08	-9.2E+07	-9.2E+07	4.09E+08	-5E+08	0.904993	0.904993	266231441
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts	0	0	0	0	-3441627	3441627	4	4	224852300
Proceeds on disposal of PPE	0	0	-	-	1 518	(1 518)	1	1	221 691
Decrease (Increase) in non-current debtors					(40)	40	1	1	(115)
Decrease (increase) in financial assets	0	0	-	-	(4 920)	4 920	1	1	3 277
Payments	54108295	0	54108295	54108295	-3.5E+08	4.05E+08	-6.48088	-6.48088	-479762168
Capital assets	54108295		54 108	54 108	(350 669)	404 778	-6.48088	-6.48088	(479 762)
NET CASH FROM/(USED) INVESTING A	54108295	0	54108295	54108295	-3.5E+08	4.08E+08	-2.48088	-2.48088	-254909868
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts	0	0	0	0	-97825.7	97825.72	0	0	626370
Borrowing long term/refinancing	0	0	-	-	(271)	271	1	1	425
Increase (decrease) in consumer deposits	0	0	-	-	173	(173)	1	1	201
Payments	0	0	0	0	0	0	1	1	0
Repayment of borrowing	0	0	-	-	-	-	1	1	
NET CASH FROM/(USED) FINANCING A	0	0	0	0	-97825.7	97825.72			626370
NET INCREASE/ (DECREASE) IN CASH	-2.2E+08	3.63E+08	-3.7E+07	-3.7E+07	54572158	-9.2E+07	-1.57589	-1.57589	11947943
Cash/cash equivalents at the year begin:	3.78E+08		(760 505)	(760 505)	291 721	(1 052 226)	-0.38359	0.770825	279 773
Cash/cash equivalents at the year end:	5.97E+08		-8E+08	-8E+08	3.46E+08	-1.1E+09	-0.43398	0.579822	291721116